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|              |  |
|--------------|--|
| <b>HH</b>    | Households   |
| <b>IDP</b>   | Integrated Development Plan                        |
| <b>IDPRF</b> | IDP Representative Forum                           |
| <b>ISRDP</b> | Integrated Sustainable Rural Development Programme |
| <b>KPA</b>   | Key Performance Area                               |
| <b>KZN</b>   | KwaZulu-Natal                                      |
| <b>LCF</b>   | Local Competitiveness Fund                         |
| <b>LUF</b>   | Land Use Framework                                 |
| <b>LUMS</b>  | Land Use Management System                         |
| <b>LRAD</b>  | Land Redistribution Programme                      |
| <b>MIG</b>   | Municipal Improvement Grant                        |
| <b>MSIG</b>  | Municipal Systems Improvement Grant                |
| <b>MPA</b>   | Municipal Plan of Action                           |
| <b>MDG</b>   | Millennium Development Goals                       |
| <b>NSDP</b>  | National Spatial Development Perspective           |
| <b>PC</b>    | Project Consolidate                                |
| <b>PCPMU</b> | Project Consolidate Project Management Unit        |
| <b>PGDS</b>  | Provincial Growth and Development Strategy         |
| <b>PMS</b>   | Performance Management System                      |
| <b>PSEDS</b> | Provincial Spatial Economic Development Strategy   |

## ACCRONYMS

|                 |  |
|-----------------|--|
| <b>ASGISA</b>   | Accelerated Shared Growth Initiative of SA             |
| <b>BEF</b>      | Business Enabling Fund                                 |
| <b>CDWs</b>     | Community Development Workers                          |
| <b>CF</b>       | Commercial Farmers                                     |
| <b>DEAT</b>     | Department of Environmental Affairs and Tourism        |
| <b>DFA</b>      | Development Facilitation Act                           |
| <b>DFID</b>     | Department for International Development               |
| <b>DLGTA</b>    | Department of Local Government and Traditional Affairs |
| <b>DoH</b>      | Department of Housing                                  |
| <b>DoL</b>      | Department of Labour                                   |
| <b>DTI</b>      | Department of Trade and Industry                       |
| <b>EMP</b>      | Environmental Management Plan                          |
| <b>EPWP</b>     | Expanded Public Works Programme                        |
| <b>EPWP PSC</b> | EPWP Provincial Steering Committee                     |
| <b>ESDP</b>     | Electricity Sector Development Plan                    |
| <b>FBS</b>      | Free Basic Services                                    |

|               |  |                           |  |
|---------------|--|---------------------------|--|
| <b>RDP</b>    | Reconstruction and Development Programme | <b>NEMA</b>               | 2000<br>National Environmental Management Act No 107 of 1998 |
| <b>Scheme</b> | LUMS Scheme                              | <b>Conservation Act</b>   | Environmental Conservation Act No 73 of 1989                 |
| <b>SLA</b>    | Sustainable Livelihood Approach          | <b>Water Services Act</b> | Water Services Act No 108 of 1997                            |
| <b>SF</b>     | Subsistence Farmers                      | <b>Property Rates Act</b> | Property Rates Act No  |
| <b>SDF</b>    | Spatial Development Framework            | <b>The Ordinance</b>      | Town Planning Ordinance No 27 of 1949                        |
| <b>SEDA</b>   | Small Enterprise Development Agency      | <b>KLAA</b>               | KwaZulu Land Affairs Act No 112 of 1992                      |
| <b>SMMEs</b>  | Small Medium Micro-Enterprises           |                           |  |
| <b>SUMMIT</b> | District Growth and Development Summit   |                           |  |
| <b>TA</b>     | Traditional Authority                    |                           |  |
| <b>TKZN</b>   | Tourism KwaZulu-Natal                    |                           |  |
| <b>TORs</b>   | Terms of Reference                       |                           |  |
| <b>VM</b>     | Vulamehlo Municipality                   |                           |  |
| <b>UYF</b>    | Umsobomvu Youth Fund                     |                           |  |
| <b>WSDP</b>   | Water Services Development Act           |                           |  |

#### ABBREVIATIONS OF LEGISLATIVE ENACTMENTS

|                           |  |
|---------------------------|--|
| <b>The Constitution</b>   | South African Constitution Act 106 of 1996 |
| <b>The MSA</b>            | Municipal Systems Act No 32 of 2000        |
| <b>The Structures Act</b> | Municipal Structures Act No 117 of 1998    |
| <b>DFA</b>                | Development Facilitation Act No of         |
| <b>DMA</b>                | Disaster Management Act No 57 of 2002      |
| <b>MFMA</b>               | Municipal Finance Management Act No of     |

# 1. Introduction

## 1.1 IDP Preparation Process

In terms of Section 25(1) of the Municipal Systems Act, 32 of 2000: each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which –

- (a) links, integrates and coordinates plans and takes into account proposals for the development of the municipality;
- (b) aligns the resources and capacity of the municipality with the implementation of the plan;
- (c) forms the policy framework and general basis on which annual budgets must be based;
- (d) complies with the provisions of this Chapter (Chapter 5); and
- (e) is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of the legislation.

The Vulamehlo Municipality is of necessity responding to this call by compiling the 2007 – 2012 IDP. This IDP will be subjected to annual reviews as required in terms of legislation going forward. The concept of an IDP needs further unpacking. The section below will try to define integrated development planning and to set the scene for the development of the IDP taking into account various international, national and provincial prerogatives that have a bearing on the municipal business.

## 1.2 Background to Integrated Development Planning

**IDP: legal definition:** The IDP is defined as a principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development in the municipality.

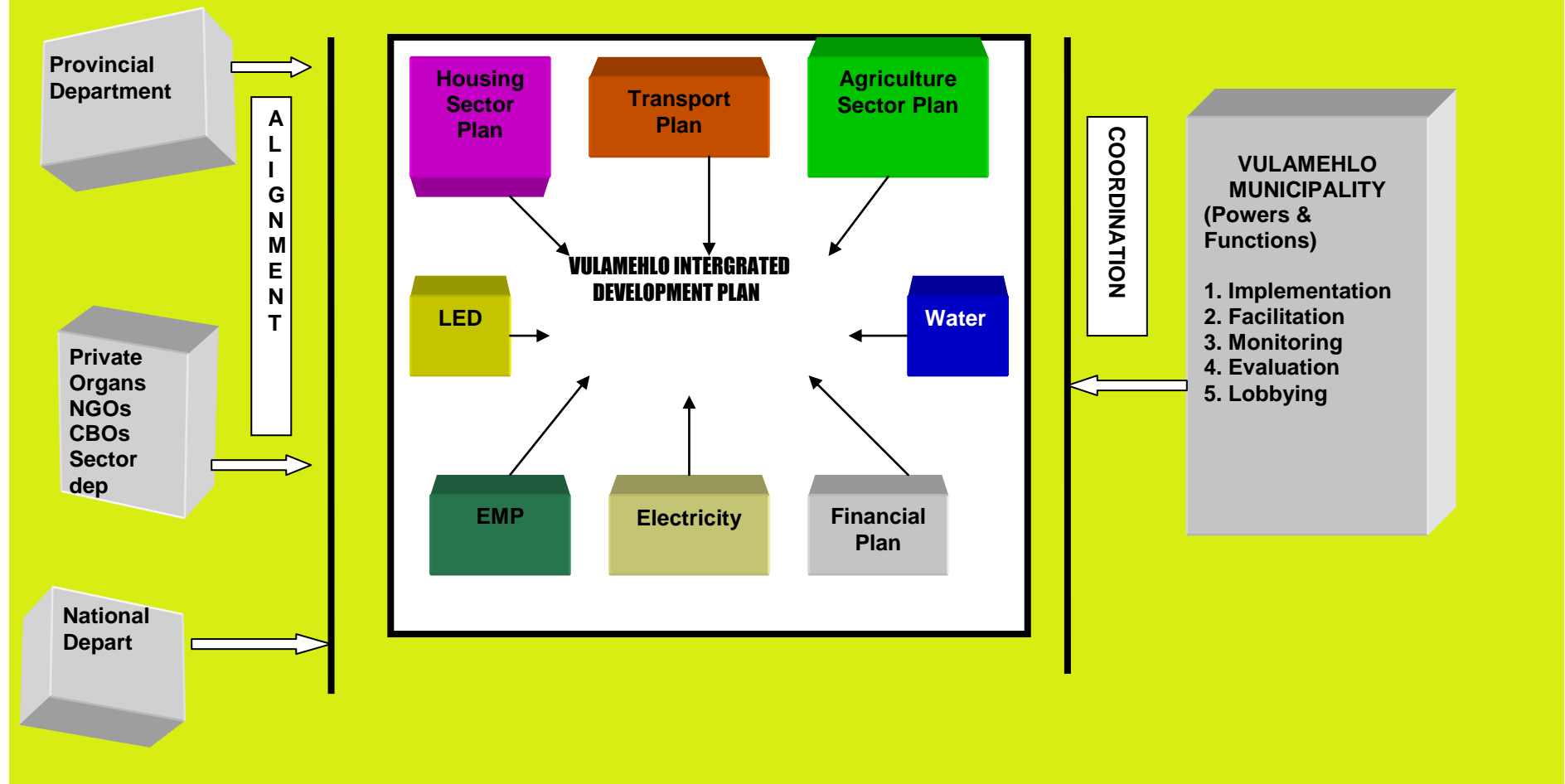
It binds the municipality in the exercise of its executive authority, except if the IDP is not in line with national or provincial legislation, in which case such legislation prevails. It also binds all other persons to the extent that those parts of the IDP that impose duties or affect the rights of those persons have been made into a bye-law.

The above statement portrays the IDP as a forward planning tool and clearly affords the IDP a legal status and legal teeth. It also implies that the IDP imperatives should transcend the day-to-day business of the municipality.

The diagram overleaf provides a schematic presentation of the IDP. It reflects the IDP as a melting point for all government interventions. The diagram highlights key sector plans and programmes of the IDP.



**NB: Institutional arrangement to be geared to support implementation**



**NB: Translation of IDP strategic objectives into space (spatial referencing)**

The right hand side of the diagram depicts the role of Vulamehlo Municipality (i.e. coordination and implementation) of various sector plans. The left hand side of the diagram reflects that the IDP is also informed and aligned to the provincial and national programmes or interventions.

### 1.3 Legislative Framework

The constitution is a point of entry for any quest to understand the legislative framework pertaining to local government as it is premised as the supreme law of the land as opposed to the parliamentary supremacy tradition of the authoritarian states. This invariably means that any legislative pronouncement that is inconsistent with the constitution is invalid and of no force and effect.

The constitution mandates and provides for three spheres of government all of which are autonomous, interdependent and interrelated. This signifies a turning point in the history of governance in this country as local government is now accorded the same status as the other spheres of government.

The municipal council is now vested with executive and legislative authority within its area of jurisdiction. But on the same vein, it is also cautioned to exercise and execute its mandate within the parameters and confines of the national and provincial legislation such that if there is a conflict between various legislative provisions, the provincial and national legislation shall prevail over local government byelaws etc not unless the former legislation is inoperative.

Section 152 of the Constitution sets out the mandate of local government. Municipalities are enjoined to carry out their duties in an open manner and are accountable to their customers. In going about their day-to-day business, municipalities must promote sustainable social and economic development, safe and healthy environment, and encourage stakeholder participation.

Section 153 of the Constitution calls on municipalities to be developmental in their orientation and to uphold national and provincial programmes in the spirit of co-operative governance. This refers to government interventions such as NSDP, PGDS, PSEDs, ASGI-SA, etc. The founding constitutional provision for the three categories of municipalities is section 155. The Vulamehlo Municipality is therefore categorised as Category B municipality. The constitution further provides for the promulgation of enabling legislation to effect the constitutional pronouncements and aspirations pertaining to local government.

A number of Acts have since been enacted to give content to the above clauses. The White Paper on Local Government (1998) was the first policy document to define key developmental roles and responsibilities for local government and to claim a place and make a strong case for integrated development planning at local level.

The White Paper was soon to be followed by a series of Acts aimed at regulating municipalities. These are the Systems Act, Structures Act, Municipal Demarcation Act, Municipal Finance Management Act and the Property Rates Act. All of these Acts constitutes the regulatory environment for local government.

The Systems Act is particularly focussed on the IDP process. The Act reminds and sensitise municipalities about their constitutional mandate as outlined above. It also sets out and defines the content of an IDP including the legal process for the IDP formulation and annual review. The IDP process plan is therefore a critical legal requirement towards the overall IDP formulation and review processes.

The Systems Act also provides for checks and balances in the sense that municipalities are required to submit IDPs to the MEC in the province for comment within ten days of adoption thereof. Moreover the MEC is empowered to refer the IDP back to council if it does not meet or contravenes certain legal prescripts within 30 days of submission.

## **1.4 MEC Comments on the 2010/2011 IDP Review**

### **1.4.1. MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT**

I note that although there is a Performance Management System (PMS), the implementation thereof remains a challenge for your municipality, it is therefore recommended that you contact my Department with respect to Municipal System Act (MSA), you are reminded that your IDP review must be in accordance with the assessment of your performance measurements in terms of Section 41 of the MSA. It is noted that the Human Resource (HR) Strategy has been developed and is awaiting adoption; it is recommended that this be incorporated and aligned to the 2010/11 IDP.

### **1.4.2. LOCAL ECONOMIC DEVELOPMENT**

Your IDP has included a Local Economic Development (LED) Strategy and short summary; however, it is not fully integrated and aligned to the IDP. It is noted that implementation of the Strategy remains a challenge and is not clearly linked to budget and time-frames. The implementation strategy needs to be reviewed and clear actions articulated on how the municipality is intending to attract revenue for implementation of LED initiatives. The institutional structures for LED need to be capacitated and the

municipal officials responsible for LED need to capacitated and the municipal officials responsible for LED need to set clear annual targets as part of their work plans in order to ensure that LED is being implemented in accordance with IDP targets.

#### **1.4.3. BASIC SERVICE DELIVERY AND INFRASTRUCTURE INVESTMENT**

Considerable improvement is required for this key performance area. Although you have articulated and expressed the backlogs and needs of the municipality in terms of service delivery, there is no indication of alignment and integration with the District and other sector departments with regard to service delivery and infrastructure investment.

It is recommended that you formulate a holistic plan for the provision of infrastructure to reflect how backlogs will be eradicated, taking into account District and Provincial support as well as what the municipality will allocate internally such as the provision of free basic services.

#### **1.4.4. FINANCIAL VIABILITY AND FIANCIAL MANAGEMENT**

A Financial Plan has been formulated with strategies for revenue raising, debt collection and investment and cash management

amongst others. These strategies need to be implemented in order to ensure sustainable financial viability and to generate income which could be used to fund projects which are much needed by the community. It is recommended that the Financial Plan be sued as tool for IDP implementation rather that just a statutory requirement.

#### **1.4.5. GOOD GOVERNANCE AND COMMUNITY PARTICIPATION**

Considerable effort is required in this key performance area. A Communication strategy has been developed but has not been included in the IDP. Mention is made of interaction with the Ward Committees and Traditional Leadership, however, it is not clearly articulated and more detail is required in this regard, Specific focus groups (Youth, Women and Disabled) have also been mentioned; however, the IDP needs to be clearer on what support and interaction with these groups are.

#### **1.4.6. SPATIAL DEVELOPMENT FRAMEWORK**

Your IDP indicates that a Spatial Development Framework (SDF) has been prepared. It is noted that summary has been included in the

IDP, however, the full SDF has not been attached as an annexure. In terms of the recommended generic format guideline form Department of Cooperative Governance and Traditional Affairs (DCGTA), the SDF should be included in every IDP. Environmental issues need to be incorporated into the IDP. A Strategic Environment Assessment (SEA) and Environmental Management Plan (EMP) should be aligned to the Spatial Development Framework and Land Use Management System (LUMS). Further, the capital investment plan must be reflected spatially and fully integrated into the IDP and SDF.

## **2. Executive Summary**

### **2.1. Who are we?**

The Vulamehlo Local Municipality (KZN 211) forms part of the Ugu District Municipality (DC21). It is located south of the eThekweni municipality and is bordered by Umdoni to the east, Mkhambathini and Richmond to the north and Ubuhlebezwe to the west. It was established in 2001 with limited existing capacity at the time.

The municipality is characterised by incisive valleys, river systems, hilly and broken terrain. The fragmented and steep topography has limited development in the area and greatly determined settlement patterns. The major river systems within the area are the uMkhomazi,

Mpambanyoni and Mthwalume rivers. The other perennial rivers which flow through Vulamehlo include Nungwane, Lovu, Msimbazi, Mzimayi, uMzinto and Mkhumbane Rivers.

The Vulamehlo Municipality largely comprises of traditional areas under the Vulamehlo House of Traditional leadership made up of Izimpethu Zendlovu, Mandleni, Mbhele, AmaNyuswa, Qiko, Zembeni, and Ukuthula. There are, however, three other traditional houses which form part of Umbumbulu Traditional house namely Thoyana, Maphumulo and Isimahla traditional houses also forming part of the Vulamehlo Municipality (refer to land legal context map)

The traditional settlement areas located in the Northern parts of Vulamehlo (falling under the uMbumbulu stream) are separated from the rest of the municipality by the uMkhomazi River. With regards to development form, there is an almost equal split of land between commercial agriculture and traditional settlement areas. Approximately 48% of the area is held under communal ownership through traditional authorities and is administered together with the Ingonyama Trust Board. The balance of the area is privately owned, except for Vernon Crookes Nature Reserve, which is managed by KZN Ezemvelo Wildlife.

## 2.2. What are the issues we face?

- High levels of poverty.
- Backlog of basic services.
- Low skills base due to inadequate levels of education and training.
- Low levels of employment.
- Limited and irregular household incomes.
- Employment centres located at some distance from the municipality.
- Poor physical and social infrastructure due to the dispersed, low-density settlement patterns of the area.
- Steep river valleys and hilly terrain limit agricultural production, approximately 30% of the area is estimated to contain slopes of 1:3 and steeper.

### PERCENTAGE OF EACH WARD FALLING INTO THE THREE SLOPE CATEGORIES

| Ward no | 0 - 12% | 12% - 40% | > 40 % |
|---------|---------|-----------|--------|
| 1       | 20      | 59        | 21     |
| 2       | 30      | 57        | 13     |
| 3       | 38      | 49        | 13     |
| 4       | 19      | 60        | 21     |
| 5       | 18      | 53        | 29     |

|    |    |    |    |
|----|----|----|----|
| 6  | 26 | 56 | 18 |
| 7  | 29 | 55 | 16 |
| 8  | 24 | 59 | 17 |
| 9  | 35 | 54 | 11 |
| 10 | 25 | 57 | 19 |

Further to the above the following challenges were identified:

- Poor Infrastructure
- Lack of generation of income
- Lack of revenue
- Poor institutional capacity
- Lack of provision of basic services
- No revenue base
- Insufficient monitoring
- Access to public transport routes
- Competition with external markets, especially in agriculture and tourism
- Access to the business service hub of Dududu because of boundaries/river
- Poor literacy levels
- Crime
- High unemployment rate
- Lack of provision of basic services

- High level of poverty
- Lack of Safety and security
- Natural disasters
- HIV/Aids / Lack of disease control
- Strong rural component
- Natural pest affecting subsistence farming (Bush Pigs & Warthogs)
- Economic leakage to neighbouring thriving centres

Lack of entrepreneurship; low skills base and lack of infrastructure to support LED

## **2.3. What opportunities do we offer?**

### **Agriculture**

The area contains commercial farms on which sugarcane and timber are cultivated. Small-scale sugar-cane growers tend to cluster around Dududu, Kenterton and Mfume.

Strategies to support agricultural growth include diversifying agricultural production; promoting intensive irrigation schemes; supporting emerging farmers; and assisting in the establishment of community gardens.

### **Tourism**

The coastal strip forms part of the KwaZulu-Natal South Coast which is a popular domestic tourist destination. Nearby, Scottburgh and Pennington both offer resort facilities, and are affluent in comparison with the underdeveloped rural areas of Vulamehlo.

Tourism development projects include the development of a market for traditional rural arts and crafts, and of "traditional rural lifestyle cultural tours. A further aim is establish diverse initiatives through four anchor projects at Tshehlope, the Isintu Cultural Village, and community involvement in operating Vernon Crookes Nature Reserve.

A short distance from Dududu, standing sentry over the expansive Umkomaas Valley, is the imposing Execution Rock, a distinctive natural feature shrouded in myth and legend. A climb to the plateau is rewarded with spectacular views into the Umkomaas valley and an opportunity to spare a thought for the Zulu warriors who were said to be despatched from the rock promontory for errant behaviour

### **Historical and Other Places of Interest**

- Vernon Crookes Nature Reserve
- Isintu Cultural Village (Thoyana)
- Enqushini waterfall

- Scenic forest and river areas

Further to the above the following opportunities were identified:

- Development and extension of the P77 corridor - Scottburgh-Dududu-Kenteron
- Natural scenery
- Availability of land and rivers for agricultural, sand winning purposes and water provisions
- Retail opportunities and lower to middle income accommodation in some of the nodal areas
- Close proximity to markets - Durban, Port Shepstone, Scottburgh, uBuhlebezwe
- Landscape
- Vast tracts of rich land to produce bulk organic agricultural products
- Cultural heritage

## **2.4. What are we doing to improve ourselves?**

- Maximising revenue through the collection of rates and service charges

- Transforming emerging entrepreneurs to compete commercially in the value chain
- Ensuring the provision of services in an integrated manner
- Rehabilitating and constructing infrastructure for economic development
- Creating an enabling environment by providing access to health care, education and security
- Capacitating our community through skills development programmes

## **2.5. What could you expect from us over the next five years?**

Managing municipal finances involves both a strategic and operational component. Strategically, the finances must be managed to accommodate fluctuations in the economy and the resulting changes in costs and revenues. Operationally, the municipality must put in place clear financial goals, policies, and tools to implement its strategic plan.



It must be noted that not all municipalities are the same and this should be kept in mind when assessing the financial health of, and the setting of benchmarks for a municipality. A municipality can be categorised into either:

- Developed – maintenance; or
- Developing – growing.

Vulamehlo Municipality can be categorised as a developing – growing municipality. Such municipalities require significant additional resources and funding to conduct the growth that is expected of them. In contrast, already developed – maintenance municipalities are mainly concerned with the need to maintain existing infrastructure.

With the demands for growth, come risks that need to be managed. Wherever possible, the Municipality will set benchmarks appropriate for a developing – growing municipality and strive to achieve these benchmarks within the medium to long term.

As mentioned at the beginning of this plan, the priority from the financial perspective is the viability and sustainability of the Municipality. The financial plan and related strategies will need to address a number of key areas in order to achieve this goal. The areas, which have been identified, are detailed below.

Furthermore the municipality is looking at the establishment of a centralised Civic Centre. To establish suitably located office

accommodation for staff, to ensure the most effective and efficient service provision and administration of the Municipality. This arrangement will create an environment for better and cheaper communication and minimum time wastage.

## **2.6. How will our progress be measured?**

The progress and performance will be measured through the Performance Management System (PMS). The Department of Provincial and Local Government (DPLG) defines performance management as, *'a strategic approach to management, which equips leaders, managers, employees and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organization in terms of indicators and targets for efficiency, effectiveness and impact.'* This system will therefore ensure that all leaders, managers and individuals in the municipality are held accountable for their actions, which should bring about improved service delivery and value for money. The scorecards for all section 57 employees with KPIs and performance targets have been developed. An attempt has also been made to cascade PMS down to non-section 57 employees.

Furthermore, performance management system can be said to be a process through which managers / officials and that the municipality and the municipality's components and employees

activities, outcomes and outputs are congruent with the organizations strategies.

### **Aim OF THE PMS**

This PMS policy framework and procedure manual aims at providing the principles, prescripts and the process applicable to the performance assessment of employees, as well as the allocation of performance incentives to eligible employees and departments and dealing with poor performance.

### **PURPOSE OF THE PMS**

The main purpose is to create an ongoing communication process that involves both, the manager / supervisor and employees in:

- Identifying and describing essential job functions and relating them to the strategy (IDP), of the municipality.
- Developing realistic and appropriate performance standards.
- Giving and receiving feedback about performance.
- Undertaking constructive and objective performance appraisals; and identifying and planning education and development opportunities; to sustain, improve or build on employee work performance.

### **Focus OF THE PMS**

The performance management system will focus on the following:

- Individual employee;
- Group and unit of specific section of the department;
- Linking the OPMS and Individual PMS
- The entire section of the department;
- The department itself – through the Head of Department; and  
The entire organization

### **Auditing Performance Management**

Auditing performance measurements is a key element of the monitoring and evaluation process. Auditing of performance measures is concerned with the extent to which the municipality was able to achieve the reported performance measures and targets that it set for itself and also to assess the extent of it compliance in respect of the development and implementation of the PMS.

## **2.7. How was this plan (IDP) developed?**

The Integrated Development Plan (IDP) review or development process is made up of six phases which are explained below.

- i. **Preparatory Phase:** a phase in which the municipality positions itself to comply with the policy and legislative requirements that guide the IDP process. A local municipality is guided by the Districts municipalities' IDP review Framework Plan and each local adopts a Process Plan set out in writing. It is during this phase that the municipality should outline its communication strategy or public participation.
- ii. **Analysis Phase:** a phase which deals with the existing situation in the municipality and is focused on understanding the type of problem or challenges facing the communities in each ward. Once they are identified, the municipality considers the community opinion of their problems and needs, but also facts and figures. The cause of the problem rather than the symptom should be well understood. Furthermore, it is critical for the municipality to prioritise the key issue due to capacity constraints.
- iii. **Strategies Phase:** a phase in whereby the municipality formulates the solutions to address the problem or challenges once they understand the problem. This phase also includes the formulation of the vision that would reflect an ambitious, credible, inspiring and achievable statement about the future of the municipality. Then the statements are developed (Developmental Objectives) of what it would like to achieve in the medium term in order to address the

problem issues and also contribute to the realisation of the vision. Once all of that is in place the strategies that provide answers to the question how they will reach their objective needs to be then developed. Once strategies are formulated they result in the identification of projects.

- iv. **Project Phase:** a phase that is about the design and specification of projects for implementation. The projects identified need to have a direct linkage to the priority issues and objectives that were identified in the preceding phases.
- v. **Integration Phase:** in this phase the sub-programme proposals, which were presented in the preceding phase have to be harmonised in terms of contents, location and timing in order to achieve consolidated programmes for the municipality. The output of this phase is an operational strategy.
- vi. **Adoption Phase:** once the IDP is completed, it is submitted to the municipality's council for consideration and approval. The council must make sure that the IDP complies with the legal requirements before the approval.

Throughout all the phases public participation is vital. The municipality uses the following mechanisms for public participation:

### **IDP REPRESENTATIVE FORUM (IDP REP FORUM)**

This forum will represent all stakeholders and will be as inclusive as possible. Efforts will be made to bring additional organisations into the Rep Forum and ensure their continued participation throughout the process.

### **MEDIA**

Local newspapers will be used to inform the community of the progress of the 2009/2010 IDP Review.

### **INFORMATION SHEETS**

This will be prepared in English and IsiZulu and be distributed via the Representative Forum.

## **PROCEDURES/PROCESS FOR PARTICIPATION**

### **REPRESENTATIVE FORUM**

In order to ensure maximum participation in the Rep Forum meetings from members of the public, representatives and relevant government officials, it is recommended that Rep Forum meetings are scheduled as and when required during the key stages of the IDP Review Process:

- The first Rep Forum meeting will involve a presentation of this Process Plan focusing on identifying areas to be addressed in the IDP Review Phase.
- Following Rep Forum workshops will be held to provide feedback on the IDP Review Process, acquire input from Rep Forum members and to ensure participation in all activities such as PMS, LUMS and Budget development of the 2009/2010 IDP Review Process.

### **COUNCIL**

The Council will consider, for comments, a draft 2009/2010 IDP Review document by January 2009. This will ensure inclusion into the national and provincial budgeting processes as well as inform the municipal budgeting process. The final IDP Review document will be adopted by June 2009 together with the municipal budget. Sector Plans will be approved by Council on their completion.

### **EXCO**

- **Responsible for overseeing the IDP Review process;**
- **Political responsibility and accountability regarding the IDP Review process;**

## NEWSPAPERS

Two newspaper adverts will be posted, the first one at the beginning of the process inviting the public to participate, the second advert will be posted once draft budget and IDP are in place inviting the public to comment and to comply with legislative requirement to advertise for 21 days for the public, once 21 day period has lapsed, the final draft will be sent to Council for approval.

## INFORMATION SHEETS

At the completion of the IDP Review, an information sheet will be prepared in the two dominant languages, namely IsiZulu and English. The members of the Rep Forum will distribute these information sheets so as to popularise the IDP.

## ROADSHOWS/IZIMBIZO

Roadshows will be held in all 10 wards within the municipality.

## RADIO SLOTS

These are mainly used by the political leadership. These are recommended where possible if they suit the municipality's programme financially and otherwise.

## 2010/2011 IDP REVIEW ACTION PROGRAMME

The table below provides the detailed action plan for the 2010 / 2011 IDP Review. The action plan is broken up into the 4 quarters of the municipal financial year with activities reflecting being either IDP, PMS or Budget related.

| Specific Target date         | Key Activities   | Responsibility     | 1 <sup>st</sup> Quarter |   |   | 2 <sup>nd</sup> Quarter |   |   | 3 <sup>rd</sup> Quarter |   |   | 4 <sup>th</sup> Quarter |   |   |
|------------------------------|--|--------------------|-------------------------|---|---|-------------------------|---|---|-------------------------|---|---|-------------------------|---|---|
|                              |  |                    | J                       | A | S | O                       | N | D | J                       | F | M | A                       | M | J |
| 01 / 08 / 09 to 10 / 08 / 09 | <b>1. Drafting of Process Plan</b>   | <b>Manager IDP</b> |                         |   |   |                         |   |   |                         |   |   |                         |   |   |
| 31/08/09                     | <b>2. Advertise on local news paper for commencement of the IDP review process.</b>          | <b>Ugu family</b>  |                         |   |   |                         |   |   |                         |   |   |                         |   |   |
| Monthly                      | <b>3. Attend IDP Manager's Forum two weeks prior to the IDP Rep Forum on a monthly basis</b> | <b>Manager IDP</b> |                         |   |   |                         |   |   |                         |   |   |                         |   |   |
|                              | <b>4. Submit draft Process Plans to IDPRF and</b>  | <b>Manager IDP</b> |                         |   |   |                         |   |   |                         |   |   |                         |   |   |

|                    |  |             |  |  |  |  |  |  |  |  |  |  |  |  |
|--------------------|--|-------------|--|--|--|--|--|--|--|--|--|--|--|--|
|                    | portfolio Committees for consideration and recommendation  |             |  |  |  |  |  |  |  |  |  |  |  |  |
| 31 / 08 / 09       | 5. Adoption of and Process Plan by Council   | Manager IDP |  |  |  |  |  |  |  |  |  |  |  |  |
| 08 / 09 to 03 / 10 | 6. Evaluate the changed circumstances and conduct socio analysis research  | Manager IDP |  |  |  |  |  |  |  |  |  |  |  |  |
| 09 / 09 to 11 / 09 | 7. Review IDP Implementation Plan (by reviewing alignment of objectives strategies and projects against the METF budget) | Manager IDP |  |  |  |  |  |  |  |  |  |  |  |  |
| 09 / 09 to 11 / 09 | 8. Align the strategic framework with internal and external policies   | Manager IDP |  |  |  |  |  |  |  |  |  |  |  |  |
| 31/10/09           | 9. Submit the draft reviewed strategic framework to the Technical Team and IDPRF   | Manager IDP |  |  |  |  |  |  |  |  |  |  |  |  |
| 31/08/09           | 10. Determine funding availability and requirements and all the necessary preparations                                   | Manager IDP |  |  |  |  |  |  |  |  |  |  |  |  |
| 10 / 09 to 11 / 09 | 11. Determine which sector plans need to be reviewed and commence with the process of reviewing thereof                  | Manager IDP |  |  |  |  |  |  |  |  |  |  |  |  |
| 10 / 09 to 11 / 09 | 12. Integrate Reviewed Sector Plans into the IDP.  | Manager IDP |  |  |  |  |  |  |  |  |  |  |  |  |
| 31 / 10 / 09       | 13. Conduct Workshops/Meeting with other relevant structures   | Manager IDP |  |  |  |  |  |  |  |  |  |  |  |  |
| 31 / 10 / 09       | 14. Hold strategic sessions with sector departments and feed local analysis into sector strategic plans thereof.         | Manager IDP |  |  |  |  |  |  |  |  |  |  |  |  |
| 05 / 02 / 10       | 15. Submit 1 <sup>st</sup> draft IDP review to Technical   | Manager IDP |  |  |  |  |  |  |  |  |  |  |  |  |

|                       |  |                    |  |  |  |  |  |  |  |  |  |  |  |  |
|-----------------------|--|--------------------|--|--|--|--|--|--|--|--|--|--|--|--|
|                       | <b>Committee and IDRF for recommendations</b>  |                    |  |  |  |  |  |  |  |  |  |  |  |  |
| 02 / 10               | <b>16. Submit 1<sup>st</sup> draft IDP review to Council for noting</b>                                    | <b>Manager IDP</b> |  |  |  |  |  |  |  |  |  |  |  |  |
| 26 / 03 / 10          | <b>17. Submit 1<sup>st</sup> draft IDP review to province(DLGTA) for assessment by service providers</b>   | <b>Manager IDP</b> |  |  |  |  |  |  |  |  |  |  |  |  |
| 04 / 10 to 05 / 10    | <b>18. Attend IDP/Budget Roadshows</b>   | <b>Manager IDP</b> |  |  |  |  |  |  |  |  |  |  |  |  |
| 30 / 04 / 10          | <b>19. Incorporate comments received from IDP Provincial Assessment and all other outstanding comments</b> | <b>Manager IDP</b> |  |  |  |  |  |  |  |  |  |  |  |  |
| 01/04/10              | <b>20. Commence with the review and development of PMS and SDBIP</b>                                       | <b>Manager IDP</b> |  |  |  |  |  |  |  |  |  |  |  |  |
| 28/04/10              | <b>21. Advertise IDP for public comments</b>   | <b>UGU FAMILY</b>  |  |  |  |  |  |  |  |  |  |  |  |  |
| 30/04/10              | <b>22. Align all IDP Objectives with those on the PMS/SDBIP</b>  | <b>Manager IDP</b> |  |  |  |  |  |  |  |  |  |  |  |  |
| 14/06/10              | <b>23. Submit SDBIP within 14 days after Budget approval</b>   | <b>Manager IDP</b> |  |  |  |  |  |  |  |  |  |  |  |  |
| 28/06/10              | <b>24. Submit PMS/SDBIP to council for approval</b>  | <b>Manager IDP</b> |  |  |  |  |  |  |  |  |  |  |  |  |
| 30/06/10              | <b>25. Submit final draft IDP review to Council for adoption</b>   | <b>Manager IDP</b> |  |  |  |  |  |  |  |  |  |  |  |  |
| 31/03/10              | <b>26. Performance Audit Committee meetings to audit PMS and reports received from Internal Auditors</b>   |                    |  |  |  |  |  |  |  |  |  |  |  |  |
| 31/03/10              | <b>27. Submit Annual Performance Report</b>  |                    |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>Anytime of the</b> | <b>28. All IDP staff to attend training organised by</b>   |                    |  |  |  |  |  |  |  |  |  |  |  |  |

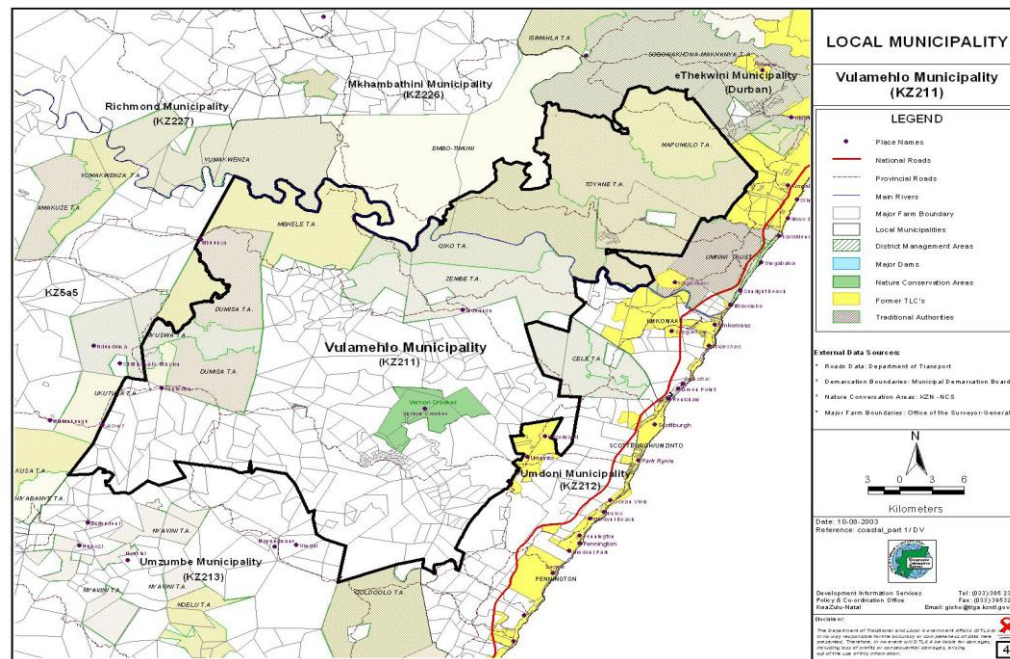
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|------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| year as when required. | DLGTA and other training provided by a SAQA accredited IDP Training Course provided by SETA so as to re-capacitate them on the changing dynamics of the IDP. |  |  |  |  |  |  |  |  |  |  |  |  |  |
|------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|



## 2. Situational Analysis

### 2.1. Location

The Vulamehlo Local Municipality (KZN 211) forms part of the Ugu District Municipality (DC21). It is located south of the eThekweni municipality and is bordered by Umdoni to the east, Mkhambathini and Richmond to the north and Ubuhlebezwe to the west. It was established in 2001 with limited existing capacity at the time.



The municipality is characterised by incisive valleys, river systems, hilly and broken terrain. The fragmented and steep topography has limited development in the area and greatly determined settlement patterns. The major river systems within the area are the uMkhomazi, Mpambanyoni and Mthwalume rivers. The other perennial rivers which flow through Vulamehlo include Nungwane, Lovu, Msimbazi, Mzimayi, uMzinto and Mkhumbane Rivers.

## 2.2. Municipal Profile

| Profile of the Area                    | Statistics SA 2001 | Community House Survey Data, Stat SA(07) |
|--|--------------------|--|
| Extent of the Vulamehlo Municipal area | 973 km2            | 973 km2                                  |
| Number of households                   | 14 385             |  |
|  |                    |  |
| Population                             | 83 039             | 74 017                                   |
|  |                    |  |
| Population Group (%)                   |                    |  |
| Black African                          | 99 %               | 99,7%                                    |
| Coloured                               | 0.3 %              | 0.1%                                     |
| Indian                                 | 0.3 %              | 0.0%                                     |
| White                                  | 0.2 %              | 0.2%                                     |
|  |                    |  |
| Male Population (%)                    | 46 %               | 45.4%                                    |
| Female Population (%)                  | 54 %               | 54.6                                     |
|  |                    |  |
| Municipal Age Profile                  |                    |  |
| 0 – 4 years old                        | 13 %               |  |
| 5 – 19 years old                       | 42 %               |  |
| 20 – 64 years old                      | 38 %               |  |
| Over 65 years old                      | 5 %                | 7.1%                                     |
|  |                    |  |
| Dependency Ratio (No. of people        | 60%                | 74%                                      |

|  |      |      |
|--|------|------|
| dependent on economically active group)                          |      |      |
|  |      |      |
| HIV/AIDS status (% infected across District)                     | 40%  |      |
|  |      |      |
| Education Levels   |      |      |
| No schooling   | 23 % |      |
| Grade 12   | 9 %  |      |
|  |      |      |
| Employment (out of labour force)                                 | 24 % |      |
|  |      |      |
| Financial Grant Dependency (municipality)                        | 100% | 100% |
|  |      |      |
| Number of Municipal Wards  | 10   | 10   |
|  |      |      |
| Number of Councillors (10 Ward & 10 Proportional Representation) | 20   | 20   |
|  |      |      |
| Number of Traditional Authority Areas                            | 10   | 10   |
|  |      |      |

## 2.3. Situation

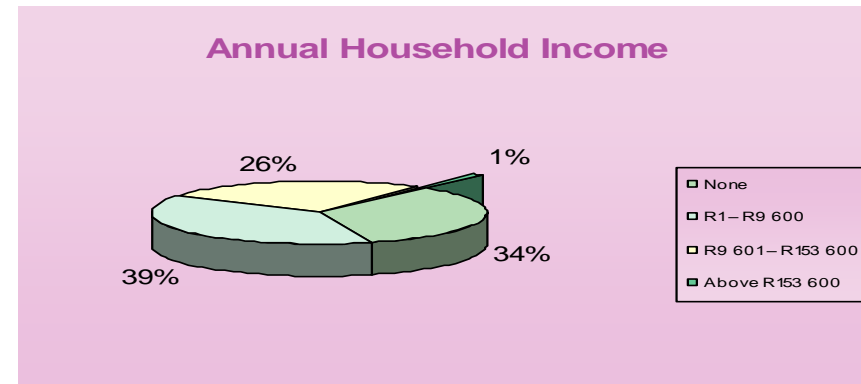
The unemployment level in the Municipality is high. The educational and skills level of the population is low, and the

household income is also very low. Vulamehlo is regarded as a base for cheap labour by employers outside the Municipality; so many job seekers become migrant labourers.

| Gender and literacy by ward |            |            |        |                    |         |              |
|-----------------------------|------------|------------|--------|--------------------|---------|--------------|
|                             |            | Gender (%) |        | Marital Status (%) |         | Literacy (%) |
| Ward                        | Population | Male       | Female | Unmarried          | Married | Illiterate   |
| 1                           | 10 976     | 46.1       | 53.9   | 62.8               | 31.4    | 19.6         |
| 2                           | 5 902      | 44.9       | 55.1   | 64.1               | 25.6    | 19.9         |
| 3                           | 5 832      | 47.2       | 52.8   | 56.0               | 34.2    | 16.3         |
| 4                           | 12 207     | 43.7       | 56.2   | 63.6               | 30.0    | 24.1         |
| 5                           | 16 188     | 42.2       | 57.8   | 58.9               | 36.8    | 28.1         |
| 6                           | 5 449      | 43.4       | 56.5   | 60.3               | 35.6    | 20.7         |
| 7                           | 10 425     | 44.6       | 55.4   | 55.7               | 34.8    | 28.6         |
| 8                           | 23 125     | 43.4       | 56.6   | 62.3               | 35.6    | 22.0         |
| 9                           | 6 160      | 49.5       | 50.4   | 56.8               | 35.0    | 28.2         |
| 10                          | 5 968      | 49.0       | 51.0   | 53.4               | 32.8    | 31.3         |

Poverty in the rural areas is severe and a large number of the population depend on social grants for a living. Sixty-three percent of households in the Municipality have a monthly income of less than R1 500 a month, while a further 17.6% have no income at all, meaning that more than 80% live below the poverty datum line. The provision of basic infrastructure is very poor in most of Vulamehlo. The areas deep inland and furthest

from the coast (and also furthest from major traffic routes) are most affected by lack of physical and social services.



Vulamehlo Municipality has identified a number of priority issues which it hopes to address within the next three to five years. Most of these relate to the developmental inequalities created in the past. The issues are: the provision of basic services, social amenities and basic infrastructure; and local economic development.

## 2.4. Economical Analysis

The need for focussed LED interventions cannot be overemphasised in Vulamehlo. The municipality is currently experiencing a negative growth rate and the unemployment levels are at a record high. A LED plan has been developed and is being implemented. Furthermore, a LED Turnaround Strategy and Implementation Plan,

has been developed to speed up the implementation of the LED projects.

Local Economic Development is an outcome based on local initiative and driven by local stakeholders. It involves identifying and using local resources, ideas and skills to stimulate economic growth and development. The aim of LED is to create employment opportunities for local residents, alleviate poverty, and redistribute resources and opportunities to the benefit of all local residents. LED also aims to address the following:

- ❖ "To create robust and inclusive local economies that exploit local opportunities, address local needs and contribute to national development objectives, such as economic growth, jobs and equity;
- ❖ To eradicate poverty and create sustainable work opportunities;
- ❖ To integrate the first and second economies; and
- ❖ To create an enabling environment, building economic capability and facilitating productive networks at the local level

#### **2.4.1. Competitive and Comparative Advantages**

LED practice requires municipalities to be conscious of their locational factors. The Vulamehlo Municipality has got a number of advantages that need to be uplifted and capitalised on such as the following:

- ❖ It is well known that over the past few years, development along the KZN coastline has been concentrated in the eThekweni municipality and the northern parts. The Vulamehlo Municipality has all the advantages of being close to a big city, harbour and airport, without the disadvantages of the big city e.g. traffic, and can offer tranquillity, while still being in close reach to economic opportunity
- ❖ The Vulamehlo Municipality forms part of the municipalities located along the north – south development corridor. This corridor is renowned for its rich natural resources and the well established tourism infrastructure on the coastal strip. This corridor carries a lot of energy in the form of commuters moving between Durban and Port Shepstone. It also acts as a gateway to the Eastern Cape Province.
- ❖ Vulamehlo is in some respects blessed with access to markets. Markets for sugar cane and timber are well established. Due to its location Vulamehlo has the possibility to link with a wide range of markets for fresh produce, including both the Ugu and eThekweni Fresh Produce Markets. In terms of fresh produce issues of quality, quantity and consistency of supply will have to be addressed. Numerous market opportunities for niche and other products could also be explored. Local beneficiation can also

add another dimension to the potential contribution of the agricultural sector to the economy of the area.

- ❖ The land assessment potential has also confirmed that the land potential for the further development of the agricultural sector exists. Key to unlocking this potential would be to provide emerging farmers with access to land, access to water and access to technical and financial support.
- ❖ Moreover as the demand for agricultural land increases in eThekweni, Vulamehlo can position itself to close that gap. The geographic location of the municipality is such that it is possible for it to provide warehouse services and space for expansion to the neighbouring thriving eThekweni municipality
- ❖ There is also a strong contingent of subsistence and emerging farmers that can impact on future agricultural development in the area. There is already a high level of co-ordination and participation in the sector at all levels i.e. corporate, commercial, emerging, and subsistence sectors.
- ❖ The co-operative initiative in the province has also been heralded as a huge potential engine of rural growth and

Vulamehlo also stands to benefit from this initiative should it get off the ground.

- ❖ A detailed analysis is also required to establish as to whether the relatively close access to the Dube Trade Port can benefit Vulamehlo.
- ❖ The 2010 developments in Durban also offer small businesses particularly those involved in arts and crafts opportunities to benefit from the thresholds emanating from the event. A careful analysis is also required to establish the extent and the exact nature of these opportunities

However there are other issues that need to be addressed if the potential of the area is to be realised. This is apparent from the following SWOT analysis:

#### **2.4.2. Economic Sector Analysis**

To a large extent, economic generators within the Ugu District are concentrated along or adjacent to the coastal corridor while the hinterland economy is only partially developed or underdeveloped. This depends on the ability of the hinterland to develop and maintain linkages with the coastal areas.

The Vulamehlo Municipality forms one of these hinterland areas and is comprised mainly of traditional areas and is currently

# VULAMEHLO MUNICIPALITY INTEGRATED DEVELOPMENT PLAN 2007/2008 – 2011/2012

characterised by limited economic activity. The area has high levels of unemployment with many of those who are employed commuting long distances to other economic centres such as Durban, Port Shepstone, Ixopo, Pietermaritzburg and Johannesburg.

The main source of income and economic activities in the municipality include subsistence farming, commercial agriculture including the production of sugar cane and timber plantation. Other members of the community derive their income from taxi and bus operations in the form of drivers and operators.

It must be noted that these offer a limited number of employment opportunities. Government institutions for instance schools, clinics, magisterial offices, etc are the major source of income in Vulamehlo. Due to the lack of economic activity and facilities in the municipal area, people migrate to larger towns and cities.

|   |        |        |
|---|--------|--------|
| services  |        |        |
| Private Households                                    | 9.5%   | -      |
| Wholesale and retail trade                            | 8.1%   | 7.0%   |
| Manufacturing   | 6.5%   | 10.6%  |
| Transport; storage and communication                  | 3.8%   | 2.1%   |
| Construction  | 3.6%   | 4.0%   |
| Financial, insurance, real estate & business services | 3.0%   | 5.0%   |
| Electricity; gas and water supply                     | 0.5%   | -      |
| Mining and quarrying                                  | 0.3%   | 0.0%   |
| TOTAL EMPLOYED  | 100.0% | 100.0% |

| EMPLOYMENT SECTORS IN VULAMEHLO            |              |                       |
|--|--------------|-----------------------|
| Economic sector                            | Stat SA 2001 | Ugu LED Strategy 2006 |
|  |              |                       |
| Agriculture, hunting; forestry and fishing | 36.4%        | 34.7%                 |
| Undetermined                               | 14.2%        | 19.0%                 |
| Community, social and personal             | 14.1%        | 17.6                  |

Table: Census 2001 by municipalities, industry amongst the employed aged 15 to 65 years, population group and gender

|   | African/Black |        | Coloured |        | Indian/Asian |        | White |        |
|---|---------------|--------|----------|--------|--------------|--------|-------|--------|
|   | Male          | Female | Male     | Female | Male         | Female | Male  | Female |
| <b>Agriculture; hunting, forestry and fishing</b>                             | 1556          | 448    | 3        | 3      | 31           | 3      | 32    | 6      |
| <b>Mining and quarrying</b>   | 10            | 4      | 0        | 0      | 0            | 0      | 0     | 0      |
| <b>Manufacturing</b>  | 252           | 91     | 0        | 0      | 21           | 6      | 8     | 7      |
| <b>Electricity; gas and water supply</b>                                      | 19            | 0      | 0        | 0      | 0            | 0      | 0     | 0      |
| <b>Construction</b>   | 168           | 32     | 0        | 0      | 4            | 0      | 0     | 0      |
| <b>Wholesale and retail trade; repairs, hotels and restaurants</b>            | 276           | 114    | 6        | 0      | 57           | 3      | 0     | 3      |
| <b>Transport, storage and communication</b>                                   | 207           | 14     | 0        | 0      | 8            | 0      | 0     | 0      |
| <b>Financial intermediation; insurance; real estate and business services</b> | 122           | 28     | 0        | 0      | 6            | 3      | 0     | 0      |
| <b>Community; social and personal services</b>                                | 417           | 383    | 0        | 0      | 12           | 8      | 0     | 7      |
| <b>Private households</b>   | 118           | 438    | 0        | 0      | 0            | 0      | 0     | 0      |
| <b>Other and not adequately defined</b>                                       | 0             | 0      | 0        | 0      | 0            | 0      | 0     | 0      |
| <b>Undetermined</b>   | 485           | 269    | 0        | 0      | 18           | 4      | 0     | 0      |
| <b>Not applicable</b>   | 16045         | 23536  | 19       | 23     | 81           | 162    | 4     | 17     |

### **2.4.3. Accelerated and Shared Growth Initiative for South Africa (ASGI-SA)**

To address the challenges of economic growth and poverty the National Government has adopted this framework which has emphasis on:

#### **Increased investment**

This is to be promoted in the private sector through maintaining and improving the environment of investment growth (through moderate inflation, effective capital markets, revitalization of training institutions, technology incentives etc. Public sector investment will focus on public transport systems, ports and rail infrastructure and will involve private sector capacity through public private sector partnerships. Priority will also be given to health, education, road, housing, water and electricity infrastructure and services.

Critical success factors for such investment include improved alignment of local, regional and national investment plans and the streamlining of procedures for the registration of businesses.

### **2.4.4. Facilitating economic activity within the second economy**

There is a clear emphasis on increasing mobility between the formal and informal economy through measures such as skilling people in the informal sector, extending job creation and public services through the expanded public works programme, boosting micro-

enterprise and providing more effective support programmes for land reform recipients and agriculturalists.

### **2.4.5. Social services income support and human development**

There is recognition that dependence on social security will not be diminished in the short term, prioritizing the need to improve delivery in these areas through improving the social grant system (in part through establishing a single Social Security Agency), the reorientation and overhaul of welfare services (and of partnerships with NGOs), the modernization of tertiary health services and the renewal of the primary school nutrition programme is critical.

### **2.4.6. Improving state capacity**

The above measures clearly depend on improved state capacity which is envisaged through:

- A support programme to improve municipal financial and economic planning;
- Measures to enable easier movement of civil servants between three spheres of government;
- Improve e-government capabilities and step up multi-purpose community centres and the use of community development workers;
- Extend M&E systems across government; and



- Reinforce Batho Pele principles;
- Improving remuneration of police and educators

#### **2.4.7. Skills Development**

The importance of skills development in an area like Vulamehlo cannot be emphasised. Skills development should also be accompanied by business advisory services and access to finance. At the moment, skills development is taking place on an ad hoc basis with the district municipality co-ordinating various initiatives.

Clearly there is a need for a skills development strategy. The municipality has also considered having an enterprise information centre but at this stage it will be difficult for the municipality to sustain it. However SEDA has also approached the municipality with a view to extending its services to Vulamehlo. The model to be adopted in going about rolling out this service is yet to be confirmed between the parties involved.

The LED Plan has also identified a need for the establishment of a Training Centre and Agricultural Hub in order to capacitate emerging farmers and get well established farmers to assist the new entrants in the sector.

#### **2.4.8. LED Institutional Capacity**

The municipality is currently operating under serious capacity constraints. The Planning & LED department does not have a LED officer. The LED manager has other development planning and PMS responsibilities and it is critical that the latter gap be closed. There is therefore a strong need for capacity building in this section.

The Planning & LED committee members also need capacity building so as to be able to execute its mandate efficiently. The LED department is also struggling to implement projects due to budgetary constraints. The municipality is only depending on a few grants to implement some projects. The LED Strategy has, for instance, been finalised but in the absence of funding it is very difficult to implement it. The need for the mobilisation of further funding is a key priority for the LED section.

#### **2.4.9. Social Partners**

The municipality has identified the need for intensifying its relations with its partners in development such as IDT, Social Welfare, NGO's, DED, SEDA, UYF etc in order to streamline LED interventions.

### 2.4.10. Socio-economic issues

The Vulamehlo municipality is characterised by high levels of poverty, a vast backlog of basic services and low skills base resulting from inadequate levels of education and training. A large proportion of the population is very poor, with low levels of employment, limited and irregular household incomes. The unemployment rate is 24%. This unemployment rate is slightly lower than the country's 26.4% unemployment rate. The highest employment sector is agriculture which provides 34.7% (dropped from 36.4%) of employment in the municipal area. Mining and quarrying also dropped from 0.3% to 0% of the total number of people employed in the area.

**Table: Census 2001 by municipalities, economically active population among those aged 15 to 65 years, population group and gender**

|                                    | African/Black |        | Coloured |        | Indian/Asian |        | White |
|------------------------------------|---------------|--------|----------|--------|--------------|--------|-------|
|                                    | Male          | Female | Male     | Female | Male         | Female | Male  |
| <b>Employed</b>                    | 3631          | 1821   | 9        | 4      | 157          | 26     | 43    |
| <b>Unemployed</b>                  | 5090          | 5874   | 4        | 4      | 36           | 19     | 0     |
| <b>Scholar or student</b>          | 5122          | 4724   | 7        | 4      | 26           | 17     | 0     |
| <b>Homemaker or housewife</b>      | 166           | 4995   | 0        | 7      | 0            | 73     | 0     |
| <b>Pensioner or retired person</b> | 996           | 2003   | 0        | 6      | 7            | 23     | 0     |
| <b>Unable to work</b>              | 831           | 752    | 0        | 0      | 3            | 5      | 0     |

|  |      |      |   |   |   |    |   |   |
|--|------|------|---|---|---|----|---|---|
| <b>due to illness or disability</b>          |      |      |   |   |   |    |   |   |
| <b>Seasonal worker not working presently</b> | 229  | 223  | 0 | 0 | 0 | 4  | 0 | 0 |
| <b>Does not choose to work</b>               | 951  | 1417 | 3 | 0 | 4 | 12 | 0 | 0 |
| <b>Not applicable</b>                        | 2659 | 3549 | 0 | 5 | 4 | 11 | 4 | 0 |

**Table: Census 2001 by municipality, highest level of education grouped, population group and gender**

|                          | African/Black |        | Coloured |        | Indian/Asian |        | White |        |
|--------------------------|---------------|--------|----------|--------|--------------|--------|-------|--------|
|                          | Male          | Female | Male     | Female | Male         | Female | Male  | Female |
| <b>No schooling</b>      | 5201          | 9268   | 5        | 6      | 14           | 44     | 0     | 3      |
| <b>Some primary</b>      | 3740          | 5467   | 8        | 4      | 32           | 29     | 0     | 3      |
| <b>Completed primary</b> | 924           | 1158   | 3        | 0      | 14           | 15     | 0     | 3      |
| <b>Some secondary</b>    | 3880          | 4517   | 3        | 4      | 99           | 57     | 9     | 3      |
| <b>Grade 12/Std 12</b>   | 1644          | 2238   | 10       | 8      | 68           | 29     | 21    | 15     |
| <b>Higher</b>            | 310           | 419    | 0        | 3      | 6            | 6      | 18    | 12     |

**Table: Census 2001 by municipalities, income alle persons, population group and gender**

|                            | African/Black |        | Coloured |        | Indian/Asian |        | White |        |
|----------------------------|---------------|--------|----------|--------|--------------|--------|-------|--------|
|                            | Male          | Female | Male     | Female | Male         | Female | Male  | Female |
| <b>No income</b>           | 30368         | 36304  | 29       | 35     | 117          | 187    | 18    | 35     |
| <b>R 1 - R 400</b>         | 1910          | 2519   | 6        | 3      | 10           | 4      | 5     | 0      |
| <b>R 401 - R 800</b>       | 3166          | 5255   | 11       | 5      | 49           | 46     | 0     | 0      |
| <b>R 801 - R 1600</b>      | 1012          | 370    | 3        | 0      | 56           | 4      | 0     | 0      |
| <b>R 1601 - R 3200</b>     | 632           | 199    | 0        | 0      | 43           | 7      | 4     | 0      |
| <b>R 3201 - R 6400</b>     | 186           | 141    | 0        | 4      | 21           | 0      | 25    | 0      |
| <b>R 6401 - R 12800</b>    | 53            | 64     | 3        | 0      | 0            | 0      | 4     | 0      |
| <b>R 12801 - R 25600</b>   | 8             | 4      | 0        | 0      | 4            | 0      | 3     | 0      |
| <b>R 25601 - R 51200</b>   | 9             | 9      | 0        | 0      | 3            | 0      | 0     | 0      |
| <b>R 51201 - R 102400</b>  | 4             | 4      | 0        | 0      | 0            | 0      | 4     | 0      |
| <b>R 102401 - R 204800</b> | 33            | 25     | 0        | 0      | 0            | 0      | 4     | 3      |

Dududu village currently fulfils the role of an administrative and social services centre for a large part of the municipality, but still require substantial development and improved access to compete with nodes outside the municipality. Besides, Dududu is not easily accessible from all areas within the municipality.

The dispersed, low-density settlement pattern, makes the provision of physical and social infrastructure (roads, water, electricity, clinics, schools, and police stations), and the costs of installing, maintaining and operating infrastructure very high.

Steep river valleys and hilly terrain create obstacles to accessibility and limit the extent of agricultural production. Weak road and communication linkages exacerbated by hilly topography, with few tarred surfaces and few bridges across rivers are problematic. In particular, north-south linkages are very poorly developed within and beyond the sub-region.

#### 2.4.11. Dependency on social grants

Employment centres are located at some distance from the municipality, and most of the employed population regularly commute long distances to other economic centres, such as Scottburgh, Port Shepstone, Durban, Ixopo, other towns along the South Coast, as well as Pietermaritzburg and Johannesburg.

A significant number of local residents are not economically active and there is a high level of unemployed people who put a strain on those who are employed. This is coupled with over-dependency on grants particularly the youth and elderly. This is a huge concern as the rate keeps going up. The 2001 census revealed that the rate

was at 60% and the 2007 community survey revealed that the number went up to 74%.

#### **2.4.12. Spatial Economy**

This section serves to provide an understanding of the spatial distribution of the municipality's economy from a spatial point of view.

Commercial sugarcane plantations are found mainly along the eastern areas of the municipality. As much as the sugar industry has been involved in the establishment of small grower production, the incentives to encourage this type of production have diminished. Large-scale timber growing is taking place in the south-western parts of Vulamehlo with small pockets situated in the north-western sections of the Municipality. Timber production is not necessarily labour intensive as large companies outsource production and operate large tracts of land on a rotation basis. The timber industry within the Vulamehlo Municipality and the Ugu District is regarded as stable with the only threat being out of season rainfall or lack thereof.

Both the timber and the sugarcane industries in Vulamehlo Municipality comprises of three distinctive production systems – private growers, company land and small growers.

Dududu is the main node in Vulamehlo, with the municipality and other government offices located here. Most of economic activity happens here and thus Dududu is being proposed for the

development as a town for Vulamehlo Municipality. Vulamehlo Municipality consist of two police stations, one being situated in Dududu and the other at the Sawoti area; Department of Justice; Department of Social Development; Department of Agriculture and Department of Education Offices within Dududu. Vulamehlo Municipality has abundance of natural open spaces, which must be investigated for further development; however, the topography and the current state of infrastructure and services availability are impediments to the development.

#### **2.4.13. Agriculture Analysis**

Vulamehlo Municipality experiences high levels of poverty. At present the contribution of agri-businesses to addressing poverty, and related issues such as unemployment and malnutrition, is limited due to the uncoordinated and unplanned approach to development in the sector. The potential of agricultural resources is also not clearly understood.

#### **2.4.14. OVERVIEW OF AGRICULTURE IN VULAMEHLO**

The Agricultural Development Plan that has been developed by the Municipality is premised on the fact that the agricultural sector is the most important economic sector in Vulamehlo and that no other sectors, including tourism, commerce and manufacturing, has the potential of this sector.

The Vulamehlo Municipality is primarily rural in nature and the key assets available for development in the municipality are the land, the water and the people.

#### **2.4.14.1 Current Production Activity**

The 2006 Land Use Framework Plan (The Planning Initiative 2006) states that 48% of the land in Vulamehlo is held under communal ownership (Ingonyama Trust Land). The balance of the area, excluding the Vernon Crookes Nature Reserve, is privately owned.

Current production in the municipality is primarily focused on mono-culture, viz. sugar cane and timber. Major corporates and individual landowners are the main stakeholders in the sector, however, small grower schemes related to both the sugar cane and timber industries are well established on Ingonyama Trust land. Agricultural activity on Ingonyama Trust land is generally of a subsistence nature and, although this fulfils a major role in terms of poverty alleviation and nutrition, it has a limited impact on the economy.

#### **2.4.14.2. Landownership and Land Reform**

The Land Use Framework Plan (2006) indicates that four land redistribution projects are located in Vulamehlo. The projects are located at Throstle, Wincanton, Thornbury and Invernette. Importantly the Framework further states: “There are also potential land claims being verified and 78 cases in the Municipality. In addition some sixty-four farms

are being considered in terms of the redistribution of State Land and Commonage is being identified in the KwaQiko Tribal Authority”. The Framework continues to indicate that the extent of the claims could not be verified by the Land Claims Commissioner.

The abovementioned land redistribution and restitution activities can have a major impact, both positive and potentially negative, if not appropriately managed on agricultural development in the Municipality.

#### **2.4.14.3. Status of Agri-processing**

Agri-processing activities in the Vulamehlo Municipality are limited and no major facilities could be identified in a scan of existing information. The sugar cane and timber produced in the Municipality is processed at mills and facilities located outside of the municipality.

#### **2.4.14.4. Regional Impacts**

The Vulamehlo Municipality is located immediately to the south of eThekweni and this presents opportunities for agricultural production. Despite this location accessibility issues will have to be addressed if sustainable market orientated agricultural production is to be encouraged in the Municipality.

A number of regional impacts will have to be considered in developing strategies for agricultural development. The following should be considered amongst others:

- ☐ Dube Tradeport

- ☐ Ugu Fresh Produce Markets
- ☐ eThekwini Fresh Produce Markets
- ☐ Metropolitan markets

#### **2.4.14.5. Ugu Agricultural Plan**

The Ugu Agricultural Plan compiled in the latter of half of 2006 does not assess agricultural production in Vulamehlo in detail, but still highlights the following agricultural activities taking place in the area following an assessment of the District as a whole:

- ☐ Sugar Cane: Large and small scale commercial growers are located in Vulamehlo
- ☐ Sugar Cane: The re-establishment of 500 ha of sugar cane in Umzumbe, Umdoni & Vulamehlo (Gijima project)
- ☐ Timber: Large commercial plantations are located in the central and south western parts of Vulamehlo.
- ☐ Banana production: 65 ha bananas is to be established in Vulamehlo at old irrigation schemes (to be established mid-September 2006 onwards)
- ☐ Land reform projects: The Department of Land Affairs is also involved with a number of land reform projects through the LRAD (Land Redistribution for Agricultural Development) Programme, specifically two farms in Vulamehlo (Invenentta, Mt Lewis)

#### **2.4.14.6. THE FARMERS**

Vulamehlo is home to a diverse range of farmers and this must be a key consideration in the formulation of future strategies to develop the sector. The groups focussed on in this discussion are the subsistence farmers, famer's groups, emerging famers, commercial farmers and corporates.

##### **Subsistence Farmers**

The subsistence farmers of Vulamehlo are the biggest group of farmers and although their direct impact on income generation is minimal they probably have the greatest impact on the livelihoods of Vulamehlo households. Subsistence farmers generally produce agricultural products on small patches of land related directly to the homestead for household consumption. The surplus produced is sometimes sold locally.

The subsistence farmers generally produce maize, cabbage and a variety of other vegetables. Fruit trees often form part of the household garden. The contribution of the subsistence farmers to the socio-economic and economic situation in Vulamehlo should be clearly acknowledged. The availability of fresh fruit and vegetables from subsistence producers' impact as follows:

- ☐ General health: Access to fresh fruit and vegetables generally contribute to improved health of the population.
- ☐ Income retention: The limited income of Vulamehlo households are retained and not spent at shops / traders outside the area.
- ☐ Income generation: Some subsistence growers sell their surpluses and in that way generate additional income.

Importantly, the subsistence sector is also the “breeding ground” for future emerging farmers. It is not suggested that all subsistence farmers will become commercial farmers, however, the existence of these farmers does suggest that people have an interest and willingness to participate in agricultural activity. The needs of these farmers, and specifically the support required by them to consider commercial production, must be considered in the strategy formulation process.

### Farmer's Groups

Vulamehlo has a multitude of farmer's groups, a number of these groups having been established and supported by the Department of Agriculture and Environmental Affairs over the years. The list of Farmer's Associations below is a list compiled based on information obtained from the Farmer's Associations, the Department of Agriculture, interviews with individuals and the attendance register of the February 2007 workshop with stakeholders. The Vulamehlo Agricultural Stakeholder Database provides further information on the farmer's associations and its membership.

Some important facts regarding these farmer's associations, to be considered based on information obtained from interviews with all the major farmers' associations, are provided below. The detailed results obtained from the interviews are reflected in Annexure B.

- ❑ **Relationship with other groups:** A number of the groups are “sub-groups” of a larger group.

- ❑ **Institutional structure:** Of the 15 groups interviewed five indicated that they are already registered cooperatives. Other groups are only viewed as an association of individuals.
- ❑ **Focus of production:** It is evident from the above list and the interviews that there is a strong focus within these groups on agricultural production. The range of produce listed by interviewees include maize, cabbage, potatoes, onions, spinach, beetroot, carrot, peas, beans, green pepper, peanuts, butternut, sweet potato and amadumbe. One of the cooperatives as well as one of the groups indicated a focus on poultry. Another cooperative also runs a piggery.
- ❑ **Landownership:** The majority of groups, including the cooperatives, farm on Ingonyama Trust Land and indicated that they are in possession of PTOs (Permission to Occupy Certificates approved by the Traditional Authority and historically endorsed by the Magistrate).
- ❑ **Size of Land:** The area of land farmed by the groups vary substantially starting with ½ a sports field (roughly less than ½ a hectare) to two and even three sports fields. One group indicated access to 30 hectares of land.
- ❑ **Access to Water:** Most of the groups indicated that they do not have direct access to running water. A number obtain water from nearby rivers in buckets and others only farm when during the rain season. It would appear as if the Department of Agriculture is also assisting groups with obtaining access to water tanks.

- ❑ **Marketing their Produce:** Most of the groups market their products in local areas. A number of groups have, however, been able to market produce successfully to retailers and accommodation establishments in Umzinto, Scottburgh, as well as markets in eThekweni.
- ❑ **Income Generated:** Most of the groups indicated that the income derived by the group per annum is between R1 000 and R10 000 per annum. Further enquiries confirmed that individual members of groups do not get much cash out of the venture. Money received by the group is generally “ploughed” back into its activities. Individuals, however, do benefit from the availability of fresh produce.

The groups do not generate income of note, but as is the case with subsistence farmers their contribution to development in the Municipality includes:

- ❑ access to fresh vegetables and other foods for members;
- ❑ access to fresh food and vegetables for residents of the local area;
- ❑ potential commercial farmers are receiving training and experience in agricultural production (i.e. skills are being developed).
- ❑

### Emerging Farmers

Vulamehlo has a large number of emerging farmers that illustrates a strong commitment to entrepreneurialism. These emerging farmers appear to

have a strong base in either the sugar cane industry or the timber industry. Using this base some of them have expanded their activities to specialised activities such as tunnel farming. Some of the entrepreneurs consulted to date as part of this initiative include Thami Zimu, Dolly Dasa, Jericho Shoji, Mr Thabethe and Zakhe Zimu.

A number of these farmers have extensive land holdings running into 1000s of hectares of sugar cane, generating incomes well in excess of R100 000 per annum. The sugar cane is generally delivered to the Sezela Mill, whereas the timber is delivered to SAPPI. The Ugu Fresh Produce market is viewed as a future market for other fresh produce.

The Sezela Small Scale Growers currently have a list of nearly 180 growers registered in the Vukani Region (which includes the whole of Vulamehlo). A clear indication of the number of timber small growers could not be obtained.

### Commercial Farmers

Sugar cane is really the cornerstone of the Vulamehlo agricultural economy. Sugar cane grown in the area is delivered to the Sezela Mill. It is therefore important to note that the growers of the Alexandra Group, the Sezela Mill Cane Committee and the Esperanza/Sezela Mill group recently joined together to form the Sezela Cane Growers Association.

Representing 4500 growers it has been suggested by the leadership of the organisation that the “benefits of a truly representative and democratic organisation will be become apparent in negotiations with Government, Regional and Local Municipalities, Funders and other sugar industry



stakeholders”. It is anticipated that this new unified structure will result in the more “holistic development of small cane grower areas” and “increasing cane tonnage to the mill thereby ensuring sustainability of cane supply”.

The only commercial farmers’ association in the area is the Dumisa Farmers Association. The geographical area of operation of the Association is Ward 9 of Vulamehlo. Fifteen members currently form part of the association. Discussions are underway to merge with farm grouping in Illovo, which will potentially expand the number of farmers in the Association to as many as forty.

### **Corporates**

Corporates are major stakeholders in the agricultural economy of Vulamehlo and will have to be integrated into future strategies aimed at developing the sector. The major companies with a presence in the area are Illovo Sugar and SAPPI.

### **2.4.14.7. Markets**

A few of the Farmer’s Associations access formal markets with their produce and each group are generally responsible for identifying and securing their own markets. There is a major focus with most on the local market, i.e. supplying fresh produce to people residing in the immediate area. It would appear as if surplus production poses a serious challenge as this market cannot consume all the produce, this often lead to waste when vegetables cannot be sold on time. There has been some success

with local businesses in Umzinto and Scottburgh buying produce from the Farmers Associations on a relatively small scale.

At present there appears to be substantial interest in the Ugu Fresh Product Market and the extent to which this will address the marketing problem. Farmers are, however, not aware of how they can access this market. Some who have been in contact with the relevant authorities have expressed less interest or even skepticism in getting involved as they do not believe that the prices that they will get will be fair.

The cane farmers interviewed indicated that they only deliver to the Sezela Mill. The timber farmers interviewed indicated that they have not harvested as yet because it takes seven to eight years for the timber to mature. These farmers do receive a small stipend and loan, and it was indicated that the timber will be marketed to Mondi.

### **2.4.14.8. Specific Needs Identified by Vulamehlo Farmers**

In the interviews it was evident that there was a major difference between the needs of the cane / timber farmers and the needs of the vegetable farmers. Some of the needs expressed by the cane and timber farmers included:

- ☐ assistance in replanting of cane;
- ☐ assistance with the supply fertilizer;
- ☐ financial assistance for expansion; and
- ☐ women empowerment programs in agriculture.

Some of the needs expressed by the vegetable farmers included:

- ☐ general empowerment through the presentation of business skills training;

- ☐ access to water;
- ☐ access to land;
- ☐ availability of equipment e.g. communal tractor; and
- ☐ assistance in accessing markets.

#### **2.4.14.9. LAND POTENTIAL**

A number of sources of information, many of which can be represented graphically, have been assessed in order to assess the potential of

Vulamehlo Municipality for agricultural purposes. For the purposes of this document, land potential is seen to be the potential of land for agricultural purposes. A range of issues have been investigated in terms of the impact that they potentially have on agriculture. These factors range from soil and climate, to man-made infrastructure. Factors such as the conservation plan for KwaZulu-Natal (prepared by Ezemvelo KZN Wildlife), that are also likely to impact on the type of development that can take place, have also been considered.

## 2.4.14.10. Summary of information pertaining to the wards in Vulamehlo

| WARD | RAINFALL       | TERRAIN  | SOILS   | Suitability only for perennial crops such as cane due to slope & soils | POTENTIAL                               | MAJOR RIVERS  | ROADS  | LAND REFORM | OWNERSHIP   | ACCESSIBLE NODES | VEGETATION  | CURRENT LAND-USE   | CONSERVATION STATUS   | ELECTRICITY COVERAGE |
|------|----------------|--|---|--|---|---|--|-------------|---|------------------|---|--|---|----------------------|
| 1    | Very high      | Some flattish land in the North otherwise broken                     | Some patches in the north with soils more suitable for arable use - otherwise largely shallow and with mod- poor drainage           | Substantial  | Good, some high                         | Lovu to the South, Nungwane to North                | All gravel   | -           | Traditional authority   | Odidini          | Mainly Moist Coastal Forest, Thorn and Palm Veld (BRG 1)                                | Mainly thicket, some cultivation in the north  | Some highly irreplaceable areas and mandatory reserves  | Some                 |
| 2    | Very high      | Broken but lots 12-40% and some flattish areas to South and to North | Some patches in the north and south with soils more suitable for arable use - otherwise largely shallow and with mod- poor drainage | Fairly substantial   | Good, some high                         | Lovu, Nungwane, Msimbazi                            | All district gravel roads  | -           | Traditional authority   | -                | Moist Coastal Forest, Thorn and Palm Veld (BRG 1)                                       | Cultivation in the south, some grassland and thicket                                   | Some highly irreplaceable areas and mandatory reserves  | -                    |
| 3    | Very high      | Broken except for NE portion   | Soils generally fairly shallow and very little high potential arable land   | fairly substantial   | Good, some high                         | Mkomazi bounds South, Msimbazi and Lovu bound north | All gravel, but serviced by the P728   | -           | Mainly TA, but private in the SE and some church land (252ha belonging to United Congregational Church - Ifume Mission) | Imfume           | Moist Coastal Forest, Thorn and Palm Veld (BRG 1)                                       | Lots of cultivation in the NE as well as natural grassland and thicket                 | Fairly low irreplaceability (but some medium irreplaceability corresponds with area of high agricultural potential) | None in south        |
| 4    | Medium to high | Generally broken, very steep in NW and some flattish land in the SE  | Generally no high potential arable soils  | variable - fairly substantial in some parts                            | Very variable but very restricted in NW | Mkomazi through middle                              | All gravel (including P728) except where P77 briefly passes through in the south | -           | Mainly TA but small private area in SE  | Dududu           | Mainly Moist Coastal Forest, Thorn and Palm Veld (BRG 1), some Valley Bushveld (BRG 21) | Mainly thicket except in the SE where there is grassland and cultivation               | Area with very restricted potential has some irreplaceability factor (but not high)                                 | Some                 |
| 5    | Medium to high | Much is broken   | Small amounts of high potential arable land possible, generally shallow soils   | variable - fairly substantial in some parts                            | Generally restricted, some moderate     | Mkomazi bounds North                                | All gravel (including P77)   | -           | Mainly TA, some private in SE, some state and some church (Apostolic mission 19ha, St Dominic's Mission 9ha)            | -                | Mainly Valley Bushveld (BRG 21) and Moist Coast Hinterland Ngongoni Veld (BRG 3)        | mainly grassland and thicket but some cultivation centrally in the vicinity of the P77 | SW parts have medium irreplaceability zones   | Some                 |

# VULAMEHLO MUNICIPALITY INTEGRATED DEVELOPMENT PLAN 2007/2008 - 2011/2012

## Summary Of Factors Limiting Agricultural Development & Strategies

| FACTOR                      | Limitation  | Implication  | Strategy to address  |
|-----------------------------|---|--|--|
| <b>TERRAIN</b>              | Much of the municipality has very broken terrain and steep slopes             | Cultivation of steep areas leads to land degradation   | Plant perennial crops such as cane and timber on slopes 12-40%   |
|                             |   |  | Use soil conservation techniques for cultivation of annual crops for household purposes                          |
|                             |   |  | Retain flat areas with soils that are suitable for cultivation for agriculture                                   |
| <b>RAINFALL</b>             | Some areas have rainfall < 700mm and rain occurs mainly in summer months      | Cultivation of many crops will require supplementary irrigation, especially during the winter months | Look at areas adjacent to rivers where irrigation projects can be established                                    |
|                             |   |  | Increase the production from rainfed crops (e.g. summer crops) through water conservation techniques             |
|                             |   |  | Identify and intensify existing irrigation schemes   |
|                             |   |  | Construct dams and weirs to permit irrigation  |
| <b>RIVERS</b>               | Some areas are without access to rivers                                       | Alternative sources of water for irrigation will need to be investigated                             | Consider rooftop, micro- and macrocatchment water harvesting for crop production                                 |
|                             |   |  | Consider livestock opportunities and crops that have low water requirements                                      |
| <b>SOILS</b>                | Much of the area has soils that are shallow and poorly drained                | Such soils limit the number of crops that can be grown successfully                                  | Consider hydroponics   |
|                             |   |  | Consider cane production   |
|                             |   |  | Consider methods to improve soil structure   |
|                             |   |  | Household production can look at soil amelioration techniques  |
| <b>ROADS</b>                | Some areas are very inaccessible  | Transport of inputs and produce is difficult   | Improve condition of roads   |
|                             |   |  | Introduce access roads   |
|                             |   |  | Produce less / non-perishable products   |
| <b>CONSERVATION STATUS</b>  | Some areas have been identified as having a high irreplaceability status      | Transformation of such areas will be discouraged by the authorities                                  | Identify agricultural activities (such as extensive livestock farming) that will be compatible                   |
|                             |   |  | Consider tourism-related activities  |
|                             |   |  | Maximise production of areas already transformed   |
| <b>LAND OWNERSHIP</b>       | Much of the municipality is under jurisdiction of the traditional authorities | There is a lack of security of tenure  | Consider making applications to ITB to lease land  |
|                             |   | Land is difficult to access  | Engage traditional authorities to assist with reallocation of unused land  |
|                             |   |  | Implement CLARA and establish land administration committees   |
| <b>ELECTRICITY COVERAGE</b> | Some areas do not have coverage   | This limits options for agricultural production (e.g. irrigation)                                    | Investigate methods that do not require electricity or fuel (e.g. water harvesting, gravity fed irrigation, etc) |
|                             |   |  | Look at alternatives for storing veterinary products that require a cold chain                                   |
| <b>AGRIC POTENTIAL</b>      | Some of the areas are said to have very restricted potential                  | This limits agricultural opportunities   | Identify unused land that is suitable for agricultural production  |
|                             |   |  | Prevent housing or industrial development on high potential land   |
|                             |   |  | Consider alternative enterprises (e.g. agro-tourism)   |

## SUMMARY OF OPPORTUNITIES THAT SHOULD BE EXPLOITED IN AGRICULTURAL DEVELOPMENT PLANNING

| FACTOR                  | OPPORTUNITY                                       | IMPLICATION  | STRATEGIES TO MAXIMISE OPPORTUNITIES  |
|-------------------------|---|--|---|
| <b>LAND OWNERSHIP</b>   | Some land is owned by churches and missions       | There are opportunities for agricultural development   | Engage church leaders to understand current use and opportunities   |
|                         | There are some tracts of land owned by the state  | There are opportunities for agricultural development   | Identify land and understand current use and opportunities for development                                      |
|                         |   |  | Identify promising individuals to operate on land that is currently unused                                      |
|                         | Approximately half of the land is privately owned | Much of the land is under commercial production and offers opportunities for land redistribution | Engage commercial farmers to identify willing sellers   |
|                         |   | Owners of such land offer mentorship opportunities   | Engage commercial farmers to identify those willing to provide mentorship                                       |
| <b>SETTLEMENTS</b>      | A number of settlements and nodes exist           | Settlements offer market opportunities   | Engage shop owners to purchase from local producers   |
|                         |   |  |   |
|                         | Local sale of inputs often limited                | They could offer opportunities for local supply of inputs  | Engage shop owners to sell agricultural inputs  |
|                         |   |  | Capacitate shop owners regarding use and storage of inputs (especially veterinary products)                     |
|                         |   |  |   |
| <b>CURRENT LAND USE</b> | Current agricultural activities                   | Give indication of what is possible  | Focus on opportunities associated with existing commodities   |
|                         |   | Offer opportunities for mentorship   | Engage commercial producers regarding mentorship opportunities  |
|                         |   | Offer opportunities for land redistribution  | Engage owners regarding interest in selling and supporting land reform beneficiaries                            |
|                         |   |  |   |
| <b>LAND REFORM</b>      | A number of land reform projects exist            | Opportunities for focused support  | Engage beneficiaries and organisations currently providing support to understand needs and develop action plans |

### 2.15. Tourism

The coastal strip forms part of the KwaZulu-Natal South Coast which is a popular domestic tourist destination. Nearby, Scottburgh and Pennington both offer resort facilities, and are affluent in comparison with the underdeveloped rural areas of Vulamehlo.

The Vulamehlo Municipality has beautiful sights in the area like the rivers and the rolling landscape. These offer opportunities for specific types of tourism development. The municipality needs to identify and encourage tourism development and the development of structures that will create employment opportunities.

| Water & Sanitation |       |                       |       |             |                       |                          |
|--------------------|-------|-----------------------|-------|-------------|-----------------------|--------------------------|
|                    | hh    | hh in<br>need<br>2007 | 2008  | Dec<br>2009 | Estimated<br>Cost (R) | Backlog<br>% Dec<br>2009 |
| Water              | 12745 | 9534                  | 8643  | 8067        | 266, 211,<br>000      | 63                       |
| Sanitation         | 12745 | 5 231                 | 4 041 | 3 591       | 17, 955,<br>000       | 28                       |

To this extent the municipality is in a process of developing a Tourism Plan which is expected to be finished by June 2010.

## 2.16. Basic Service Delivery and Infrastructure Development

### 2.16.1. Service delivery

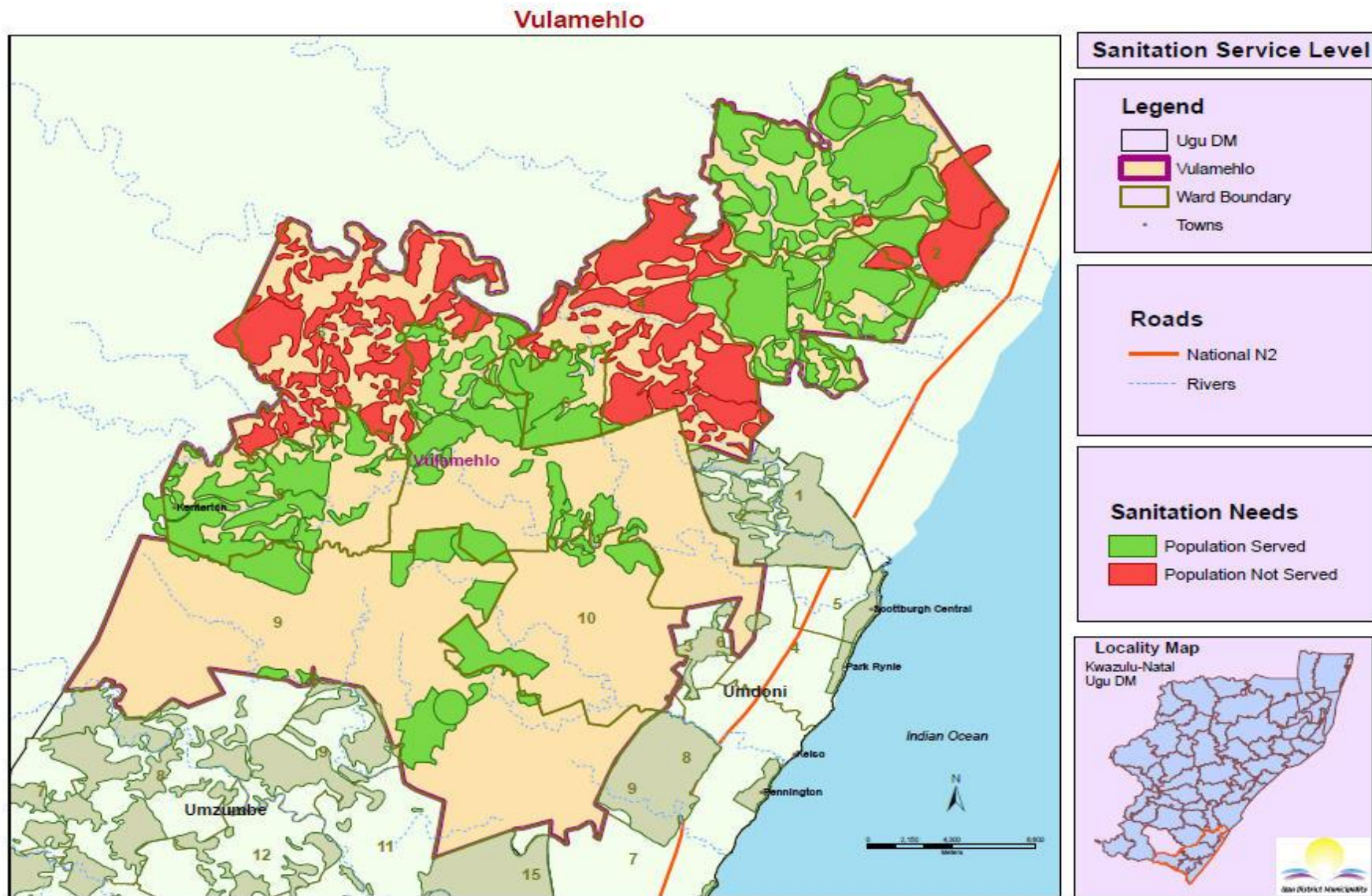
*Access to basic services is the critical for development and for improvement of people's lives.*

#### 2.16.1.1. Water and sanitation

##### Water services backlogs

The population figures that are used on this section are based on the estimates of the Ugu Municipality Water Services Backlog Study February 2008 and Water Services Development Plan; they are much higher than the projections that were done by Stats SA. The following tables and maps show the backlogs and need for water and sanitation.

Map Showing Sanitation Service Level



### Current Sanitation Need per Ward

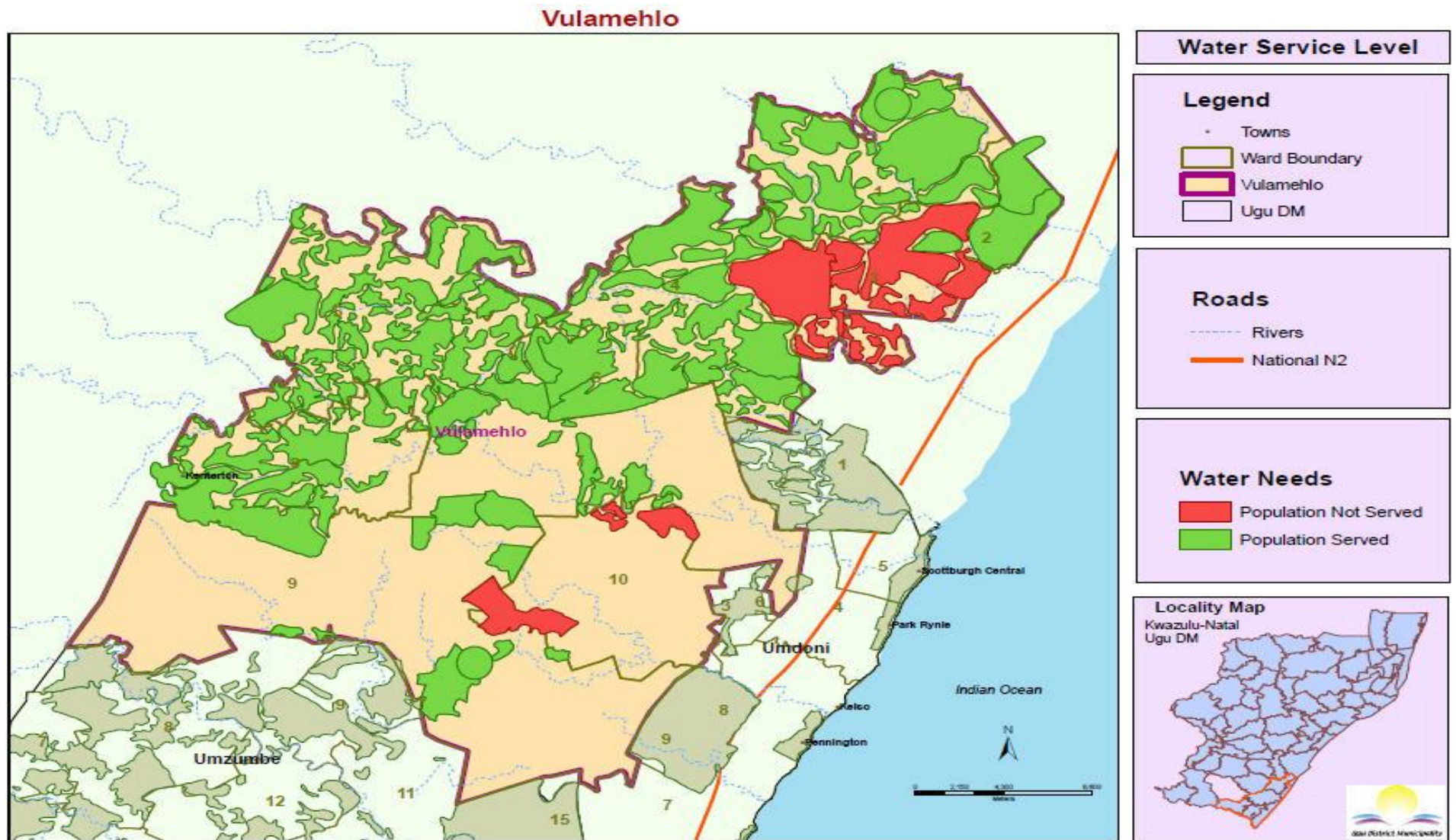
| LM        | Ward | No of People | No of Households | No of HH in Need of Water | % HH in Need of Water |
|-----------|------|--------------|------------------|---------------------------|-----------------------|
| Vulamehlo | 1    | 10 994       | 1 997            | 200                       | 10.0%                 |
|           | 2    | 6 202        | 1 128            | 1 128                     | 100.0%                |
|           | 3    | 8 703        | 1 579            | 0                         | 0.0%                  |
|           | 4    | 10 081       | 1 831            | 1 200                     | 65.5%                 |
|           | 5    | 10 526       | 1 908            | 1 908                     | 100.0%                |
|           | 6    | 8 858        | 1 609            | 161                       | 10.0%                 |
|           | 7    | 9 193        | 1 669            | 0                         | 0.0%                  |
|           | 8    | 16 717       | 3 038            | 0                         | 0.0%                  |
|           | 9    | 37 773       | 6 867            | 0                         | 0.0%                  |
|           | 10   | 2 857        | 518              | 0                         | 0.0%                  |
|           |      | 121 904      | 22 144           | 4 597                     | 20.8%                 |

### Sanitation Type per Household

| LM        | Settlement Category | No of People | No of HH | HH with Full waterborne sewer | HH with VIPs | HH with Pit Latrines | % HH in Need |
|-----------|---------------------|--------------|----------|-------------------------------|--------------|----------------------|--------------|
| Vulamehlo | Rural               | 84 438       | 15 332   | 0                             | 10766        | 4566                 | 29.8%        |
|           | Other               | 37 466       | 6 812    | 0                             | 6781         | 31                   | 0.5%         |
|           |                     | 121 904      | 22 144   | 0                             | 17 547       | 4 597                | 20.8%        |



Map Showing Water Service Level



Water Need Per Ward

| LM        | Ward | No of People | No of Households | No of People in Need of Water | No of HH in Need of Water | % HH in Need of Water |
|-----------|------|--------------|------------------|-------------------------------|---------------------------|-----------------------|
| Vulamehlo | 1    | 10 994       | 1 997            | 5 944                         | 1 080                     | 54.1%                 |
|           | 2    | 6 202        | 1 128            | 0                             | 0                         | 0.0%                  |
|           | 3    | 8 703        | 1 579            | 0                             | 0                         | 0.0%                  |
|           | 4    | 10 081       | 1 831            | 5 570                         | 1 012                     | 55.3%                 |
|           | 5    | 10 526       | 1 908            | 9 532                         | 1 728                     | 90.6%                 |
|           | 6    | 8 858        | 1 609            | 3 833                         | 696                       | 43.3%                 |
|           | 7    | 9 193        | 1 669            | 5 407                         | 982                       | 58.8%                 |
|           | 8    | 16 717       | 3 038            | 6 035                         | 1 097                     | 36.1%                 |
|           | 9    | 37 773       | 6 867            | 1 350                         | 245                       | 3.6%                  |
|           | 10   | 2 857        | 518              | 506                           | 92                        | 17.7%                 |
|           |      | 121 904      | 22 144           | 38 177                        | 6 931                     | 31.3%                 |

| LM        | Settlement Category | No of People | People receiving water above RDP | People receiving water at RDP | People receiving water below RDP but linked to Infrastructure | People receiving water below RDP but linked to No Infrastructure | No of People in Need of Water | % People in Need of Water |
|-----------|---------------------|--------------|----------------------------------|-------------------------------|---|--|-------------------------------|---------------------------|
| Vulamehlo | Rural               | 84 438       | 0                                | 46261                         | 8520  | 29657  | 38 177                        | 45.2%                     |
|           | Other               | 37 466       | 0                                | 37466                         | 0   | 0  | 0                             | 0.0%                      |
|           |                     | 121 904      | 0                                | 83 727                        | 8 520   | 29 657   | 38 177                        | 31.3%                     |

## 2.4.17. Electricity

The current electricity backlog as per stats supplied by Eskom for Vulamehlo is 71%, which is the highest backlog in the Ugu District Family.

The municipality is divided into three streams for the purpose of providing electricity namely; Kenterton, Dududu and Umbumbulu. The Kenterton stream is served by ESKOM – PMB – Umkondeni, Dududu stream is under ESKOM – Shelly Beach and Umbumbulu under eThekwinini. With regard to ESKOM areas, the municipality is experiencing capacity constraints and a lot of illegal connections (izinyoka).

### 2.4.17.1. Key interventions to address electricity backlogs

The baseline information underpinning this section comes from the Ugu ESDP and presentations done by ESKOM during the IDPRF at district and LM levels. There is however a concern raised in the Ugu IDP that ESKOM's roll out plan does not always take into account the Ugu ESDP. The statistics show that within the Ugu DM, the Vulamehlo Municipality has the highest backlog of 94%.

Moreover, the problem is far from being solved given that no new connections are being done within Vulamehlo as the existing infrastructure does not have spare capacity to accommodate

further developments or new connections. The table below speaks for itself:

| TOTAL NO OF H/H | TOTAL NO OF H/H ELECTRIFIED | NO OF H/H NOT ELECTRIFIED | TOTAL NO OF SCHOOLS | NO OF SCHOOLS ELECTRIFIED | NO OF SCHOOLS NOT ELECTRIFIED |
|-----------------|-----------------------------|---------------------------|---------------------|---------------------------|-------------------------------|
| 15 805          | 4 523                       | 11 282                    | 78                  | 41                        | 37                            |

In order to turn around the picture that is painted in the above table, the following infrastructure needs must be met:

| ❖ Project Name                         | ❖ Estimated Costs | ❖ Comments            |
|--|-------------------|-----------------------|
| ❖ Establish Kenterton 132/22kV/S/S     | ❖ R7 079 508      | ❖ Prelim Design Stage |
| ❖ Kenterton-Umzali 132 kV line         | ❖ R16 000 000     | ❖ Prelim Design Stage |
| ❖ Kenterton 22 kV Turn In Lines        | ❖ R1 000 000      | ❖ Prelim Design Stage |
| ❖ Dumisa 22-11kV 1.25 MVA SS Establish | ❖ R1 000 000      | ❖ Prelim Design Stage |

What is noticeable about these projects is that there is still no firm commitment in the way of funding.

In terms of normal reticulation, the following projects have been identified:

|   |                          |                 |                    |
|---|--------------------------|-----------------|--------------------|
| <b>Ngwadini</b>                         | <b>turn-in</b>           | R3 203 300      | Awaiting funding   |
| <b>lines</b>                            |                          |                 | release            |
| <b>School Rd 109</b>                    |                          | R1 177 400      | Awaiting total     |
| <b>KwaLembe Water</b>                   |                          |                 | network assessment |
| <b>Supply</b>                           |                          |                 |                    |
| <b>2008 / 2009 identified project/s</b> |                          |                 |                    |
| Project Name                            | <b>No of connections</b> | Estimated costs |                    |
| Nkampula-Mahwaqa                        | <b>760</b>               | R3 257 657      |                    |

ESKOM has developed an infrastructure development plan for Vulamehlo and all the projects identified therein are set out below in the capital investment framework.

### 2.4.17.2. Free basic electricity

The municipality has finalised an indigent register which will assist in the rolling out of this service.

### 2.4.17.3. Housing

The Bill of Rights in the Constitution provides that everyone has a right to adequate housing and shelter. The qualification to this clause, however, is set out in the Constitution and states that the state must strive towards the progressive realisation of this right depending on the available resources.

The municipality has developed a housing development plan (HDP). In terms of the HDP, there is a backlog of 15586 housing units to be built within the next five years. There are three existing housing projects, namely, Dududu, Isimahla and Mdumezulu. Two of them are due to be completed in the 2007/2008 financial year.

This plan is a legal requirement and is provided for in terms of the revised procedures established in Chapter 3 of part 3 of the National Housing Code. The housing plan is therefore a critical component of the IDP and must be reviewed annually together with the IDP. The overall objective of the housing sector plan is to assist the municipality to provide housing to all communities within its area of jurisdiction.

Through the process of housing provision, the municipality also seeks to create employment opportunities and to link the process with other LED initiatives.

The housing plan is based on projected Vulamehlo population. Currently there are 2 800 houses that are complete, which then reduced the backlog to 12 786 housing units.

In determining housing needs, current and completed housing projects were also taken into account. Ward by ward housing needs projections is based on an average of six people per household divided by the total population to give the total number of households.

The housing projects that have been identified in the housing sector plan including cost estimates are set out in the annexed Capital Investment Framework.

In the implementation of the housing plan, the municipality will have to work in collaboration with various tiers of government so that in the process of housing provision, the communities are assisted in gaining access to water, education, health care services and social security.

The spatial component of the housing development plan is critical and this is one of the gaps that have been identified with the current housing sector plan. In summary therefore,

#### 2.4.17.4. Refuse removal

The bulk of the population is spread across the municipal area with a few isolated more densely populated areas normally in the vicinity of shops, government departments etc. The only significant development envisaged over the next few years is the formalisation of the Dududu Village. There is no record of current waste volumes and /or its characteristic. The municipality has no landfill site and waste is either disposed of in formal pits and heaps many of which are burnt.

To determine the potential volume of waste from the municipality, the waste generation rate of 0,1kg/per person is used. Based on the latter rate, the estimated daily volume of waste generated in Vulamehlo is approximately 8,4 tonnes for domestic households. As has been noted previously these households are spread throughout the area in rural settings. If the daily volume for the formal and the informal house is increased to 0.5 kl/person the additional mass of waste is 10,6 tonnes. Estimated waste streams from various sources are set out in the table below:

| <b>General waste</b> |                              |                           |
|----------------------|------------------------------|---------------------------|
| <b>Source</b>        | <b>Estimated volume/week</b> | <b>Estimated mass/day</b> |
| Clinics ×4           | 4,4 m³                       | 264kg                     |

|                         |              |                |
|-------------------------|--------------|----------------|
| Institutions ×5         | 0,51m³       | 30kg           |
| Shops and restaurants×3 | 15,12m³      | 907kg          |
| Vernon Crookes          | 1,5m³        | 90kg           |
| Schools ×88             |              | 3801kg         |
|                         | <b>Total</b> | <b>5092 kg</b> |
| <b>Medical waste</b>    |              |                |
| Clinics                 | 216 l/week   | N/A            |

Therefore based on the above estimated daily mass of waste generated in the municipality is 24 tonnes. The relatively small amount of medical waste generated is removed from the area and disposed of elsewhere.

Except for a small percentage which is moved off site and disposed of at the regional landfill, the waste is disposed of on site by burning. The relatively small amount of medical waste generated, is removed from the area and disposed of elsewhere.

### 2.17.5. Municipal Roads

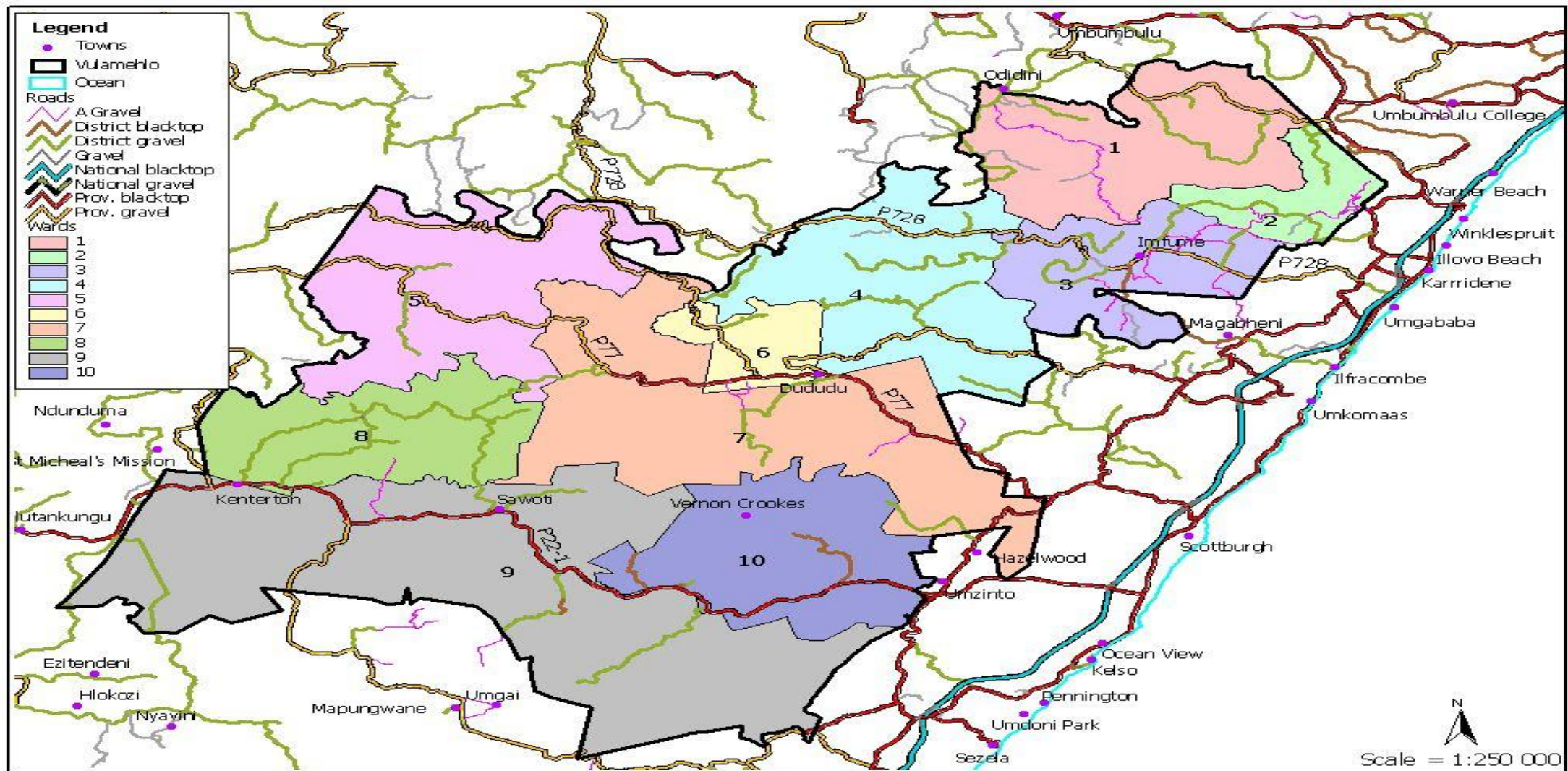
Generally, the Municipality has a poor road network system and this problem has been identified during the recent SDF review. This situation is as a result of the broken topography that characterise the municipal landscape as well as the dispersed settlement patterns. The current situation has had a negative impact in terms of stagnating economic development and delivery of basic services.

As an interim measure to address the persisting problem the municipality identified rural roads upgrade as one of the key priorities to be addressed under the Project Consolidate programme. To this end, the municipality obtained funding to acquire a Tractor Loader Backhoe (TLB) & Grader to upgrade access roads.

Additional funding for re-gravelling and stormwater construction has also been approved by the Department of Local Government and Traditional Affairs through its Project Consolidate Unit. This will go a long way in terms of ensuring that the lifespan of the upgraded access roads is prolonged. The map overleaf shows road networks.



Vulamehlo Road Network Map (Source: Vulamehlo ADP Status Quo Report)



#### **2.4.17.6. Infrastructure development plan**

The municipality has compiled an Infrastructure Development Plan, but this plan needs to be reviewed. The guiding principles and approaches are derived from the NSDP, PGDS and PSEDs. Therefore the focal areas for infrastructure investment are the nodes and corridors as set out in the SDF.

In the case of Dududu which is the municipality's only primary node the cost estimate of providing roads, stormwater and asphalt sidewalks have been calculated. This is now allowing the municipality to plan and budget properly for infrastructure investment. This plan has also confirmed the need for the prioritisation of the development of spatial frameworks for the secondary and tertiary nodes.

#### **2.4.17.7. Community facilities**

##### **Cemeteries and crematoria**

At this stage the municipality does not have a cemetery site nor crematoria. The current burial practice is to bury the dead within their homesteads or yards. The municipality is currently doing a cemeteries feasibility study with a view to identifying potential window areas and other burial options. However, the challenges that have been highlighted are as follows:

- ❖ People's unwillingness to consider modern burial practices due to cultural beliefs;

- ❖ Difficulties around securing suitable cemetery sites due to topography;
- ❖ Unwillingness on the part of Traditional Institution to release land for burial purposes;

At a technical level the sites have been identified and all the stakeholders are being consulted to solicit their inputs and to secure their buy-in.

##### **Public libraries**

Currently there is not even a single public library within the Vulamehlo Municipality. However the need for libraries has been identified. This is particularly so because skills development in an area such as Vulamehlo with limited potential and economic opportunities, is one of the key interventions in terms of changing the plight of the people. Even the NSDP provides that in areas of less opportunity government must invest in people. This will eventually enable them to graduate from second to the first economy.

##### **Health Facilities**

The Department of Health has made an input into the IDP by submitting to the municipality a sector plan which identifies existing facilities and highlights future needs. In terms of this plan there is no hospital within the municipality and the only referral district hospital is the GJ Crookes Hospital. There are 26



mobile points four existing fixed clinics, two of which operate 7 days a week and with the other two only in operation for 5 days a week. The department is intent on having all four clinics to be operational 24hours a day and seven days a week. Nevertheless there are challenges ranging from crime to budgetary constraints. In terms of future needs, four new clinics have been identified including a Health Station.

There are 25 crèches that are funded by the Department of Social Welfare within the boundaries of Vulamehlo Municipality. These crecheres are monitored by the department and are funded based on the number of children that attend per month. A list of the crèches that are funded by the Department of Social Welfare is attached.

### **Community halls and multi-purpose centres**

The municipality intends to engage in a process of capturing all existing community halls and MPCCs through the use of Geographic Information System (GIS). The municipality is finding it difficult to manage and maintain community halls and MPCCs due to the lack of sufficient funding. There is also

no policy in place for management and maintenance of these facilities. This issue has been identified as a major risk that can potentially have a negative impact on the wellbeing of the municipality. The municipality also has to come up with a turn-around strategy for alternative uses of those MPCC that are under-utilised or non - functional.

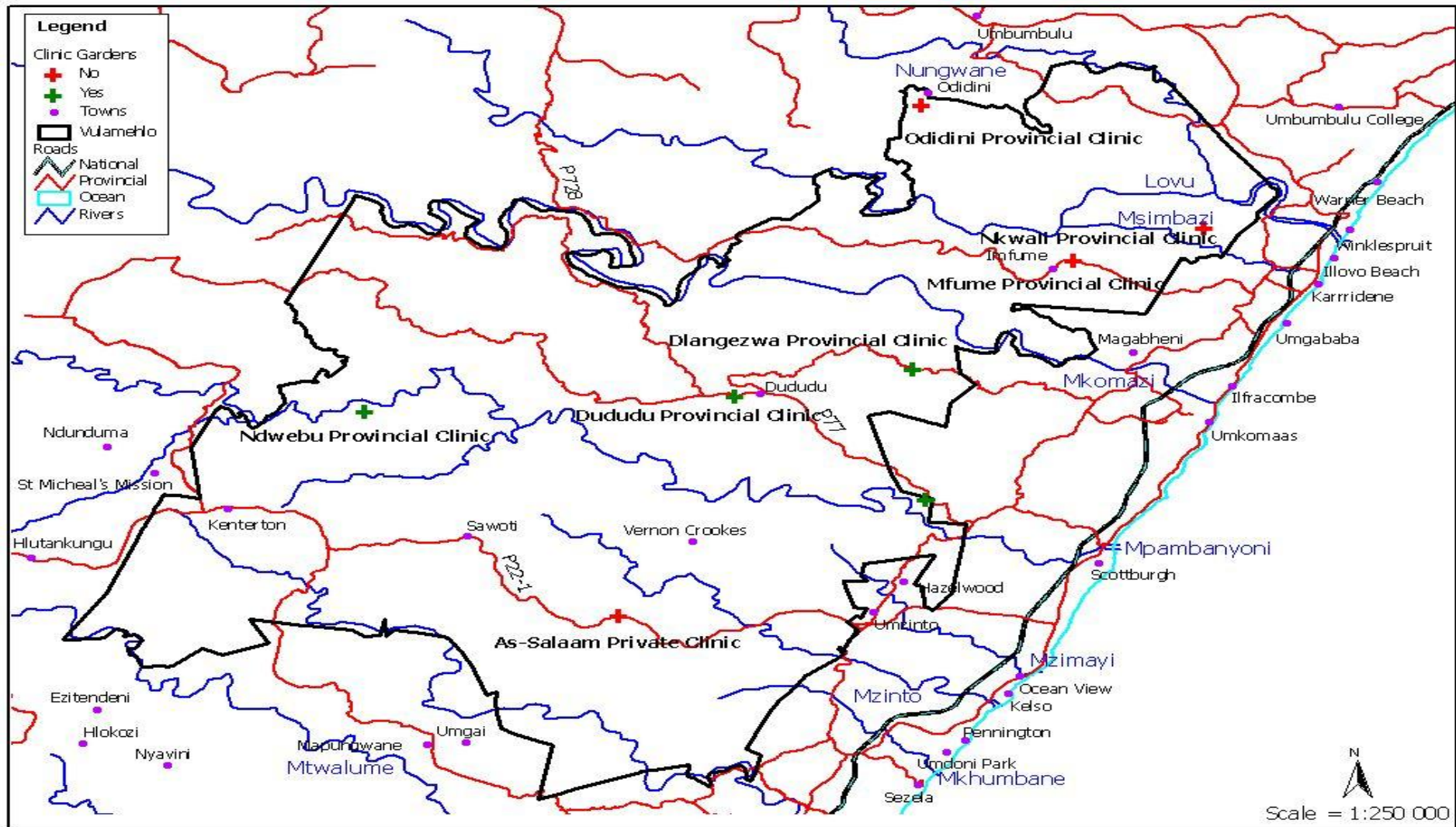
### **Local sports facilities**

The municipality is continually trying to identify, implement and /or introduce new sporting codes with a view to exposing its residents to new opportunities and possibilities. The challenges are around ensuring a balance between the provision of supporting infrastructure for traditional and modern sporting codes. The maintenance of the existing facilities is also another challenge which needs to be overcome.

### **Public transport issues**

The district municipality has developed a public transport plan. This plan essentially seeks to guide the municipality in terms of public sector transport needs. In the case of Vulamehlo a need for new and the upgrading of existing taxi ranks has been identified.

Map showing private and public clinics (Source: Vulamehlo ADP Status Quo Report)



#### 2.4.18. Environmental management

The Environmental Legislation (mainly NEMA) enjoins Municipalities to protect the environment within their areas of jurisdiction. To this end, the Vulamehlo Municipality identified a need for the compilation of an Environment Management Plan (EMP). A number of challenges have come to the fore with respect to state of the environment at Vulamehlo. The following are some of the issues identified:-

- ❖ Soil erosion is a serious problem particularly in communally held land. This is particularly problematic because soil erosion results in lower soil productivity and sometimes permanent loss of valuable topsoil and the siltation of rivers and wetlands. If agriculture is one of the key economic drivers in the coastal region, it will obviously be negatively affected.
- ❖ Over utilisation of soils in some areas, with no crop rotation for instance, results in reduced agricultural potential and eventually soil erosion and subsidence. The problem of illegal sand winning operations without permits is also of serious concern within Vulamehlo. Related to this problem is the issue of quarries and borrowpits (usually as a result of road building) which have not been rehabilitated and this is leading to

environmental degradation in terms of erosion, scarring of the landscape, proliferation of alien invasive plants, collection of standing water and the associated diseases etc.

- ❖ Access roads are also not suitably maintained often resulting in erosion of the road surface and generally the speed of runoff from such roads is not attenuated by cut off drains or any form of drainage. The municipality is also not currently having plans to protect valuable environmental resources even though these have been mapped out as part of the LUMS. The riparian zones, particularly in agricultural areas are not at present protected and instead they have been planted to cane or allowed to become invaded by alien weeds.
- ❖ There is also a noticeable loss of indigenous vegetation communities due to poor farming practices, alien plant invasion, poor catchment management, lack of appreciation of the value of the natural environment and its benefits etc. Excessive harvesting of medicinal plants and herbs without restocking might also jeopardise the environmental integrity of the area.

- ❖ With regards to unsustainable agricultural practices, some people continue to cultivate in drainage lines and within 1:100 year floodlines. The municipality has a high tourism potential, which has not yet been properly exploited, environmentally or otherwise. Numerous sites of tourism significance need vigorous marketing.
- ❖ Whilst it is not yet a major problem, the issue of incorrect citing of high impact developments in close proximity to rivers, dams etc. in future must be carefully monitored.
- ❖ There is also a concern that environmental issues and impacts are often not addressed in developments and projects. Environmental accounting needs to become more integrated into the development planning processes and must be considered in the initial phases of planning of any new development.

**NB: Environmental Management Plan is attached as annexure E.**

#### 2.4.18.1. ASSESSMENT OF THE LAND LAND POTENTIAL

A number of sources of information, many of which can be represented graphically, have been assessed in order to assess the

potential of Vulamehlo Municipality for agricultural purposes. For the purposes of this document, land potential is seen to be the potential of land for agricultural purposes. A range of issues have been investigated in terms of the impact that they potentially have on agriculture. These factors range from soil and climate, to man-made infrastructure. Factors such as the conservation plan for KwaZulu-Natal (prepared by Ezemvelo KZN Wildlife), that are also likely to impact on the type of development that can take place, have also been considered.

Sources of information used to investigate land potential include:

- ❑ Soil data on the Agricultural Geo-referenced Information Centre (AGIS) website (<http://www.agis.agric.za/agisweb/agis.html>) of the National Department of Agriculture (NDA) and the Agricultural Research Council (ARC)
- ❑ The Bioresource Programme information developed and supplied by the KwaZulu-Natal Department of Agriculture and Environmental Affairs
- ❑ Conservation Planning data (C-Plan) prepared by Ezemvelo KZN Wildlife
- ❑ Climatic data obtained from the National Botanical Institute.

The Bioresource Programme of the KwaZulu-Natal Department of Agriculture and Environmental Affairs (KZN DAEEA) divides the provinces into parcels of land that are sufficiently homogeneous to allow for similar management practices to be applied throughout.

The Bioresource Programme takes into account soils, vegetation, terrain and climate when defining these land parcels, otherwise known as Bioresource Units (BRUs).

Within Vulamehlo, thirteen Bioresource Units are encountered, but only ten of these will be discussed in this document, the remaining three covering negligible areas of land. The map below (Figure 4.1) shows the location of the BRUs.

## Soils

Two sources of information have been considered when investigating the potential of the soils in Vulamehlo Municipality to support agricultural activities (cultivation of crops in particular). Soil characteristics are however very variable and while modeled data provide broad ideas about the kind of soils that one can expect to encounter at a particular location, on-site investigations will be essential before any projects / activities are initiated.

According to data available on the Agricultural Geo-referenced Information Centre website (AGIS) of the NDA and ARC, soils with structure that favours arable land use are scarce or absent throughout much of the municipality. According to the data, most of the municipality is found to consist of lithosols (shallow soils on hard or weathering rock). There are a number of areas (mainly in the North) where soils with favourable soil structure are more likely to be encountered.

Additional soil-related information has been drawn from the KZNDAEA Bioresource Programme. The output from this computer programme gives an indication of the types of soils that are likely to be encountered within a particular BRU, but does not indicate where, within that BRU, such soils actually occur. Summarised below is a table indicating some soil characteristics of the BRUs that make up the majority of the municipal area (Table 4.1). This table should be used in combination with the map showing the location of the BRUs.

From this table, it is clear that over much of the municipality one is likely to encounter shallow soils that will have an impact on the type of land use that can be recommended.

## Terrain

- ❑ Slope, or terrain, is another very important factor affecting land potential for agricultural purposes. According to the legislation, annual cropping is only permitted on land that has a slope less than 12% (this means that there is a vertical rise/drop of 12m over a horizontal distance of 100m).
- ❑ The following map (Figure 4.3) has been created from the digital elevation model (US Geological Survey). It shows areas suitable for annual cropping (green), areas suitable for perennial pastures, timber and cane (slopes 12-40%

shown in yellow) and slopes that are too steep for cultivation (>40% slopes shown in red).

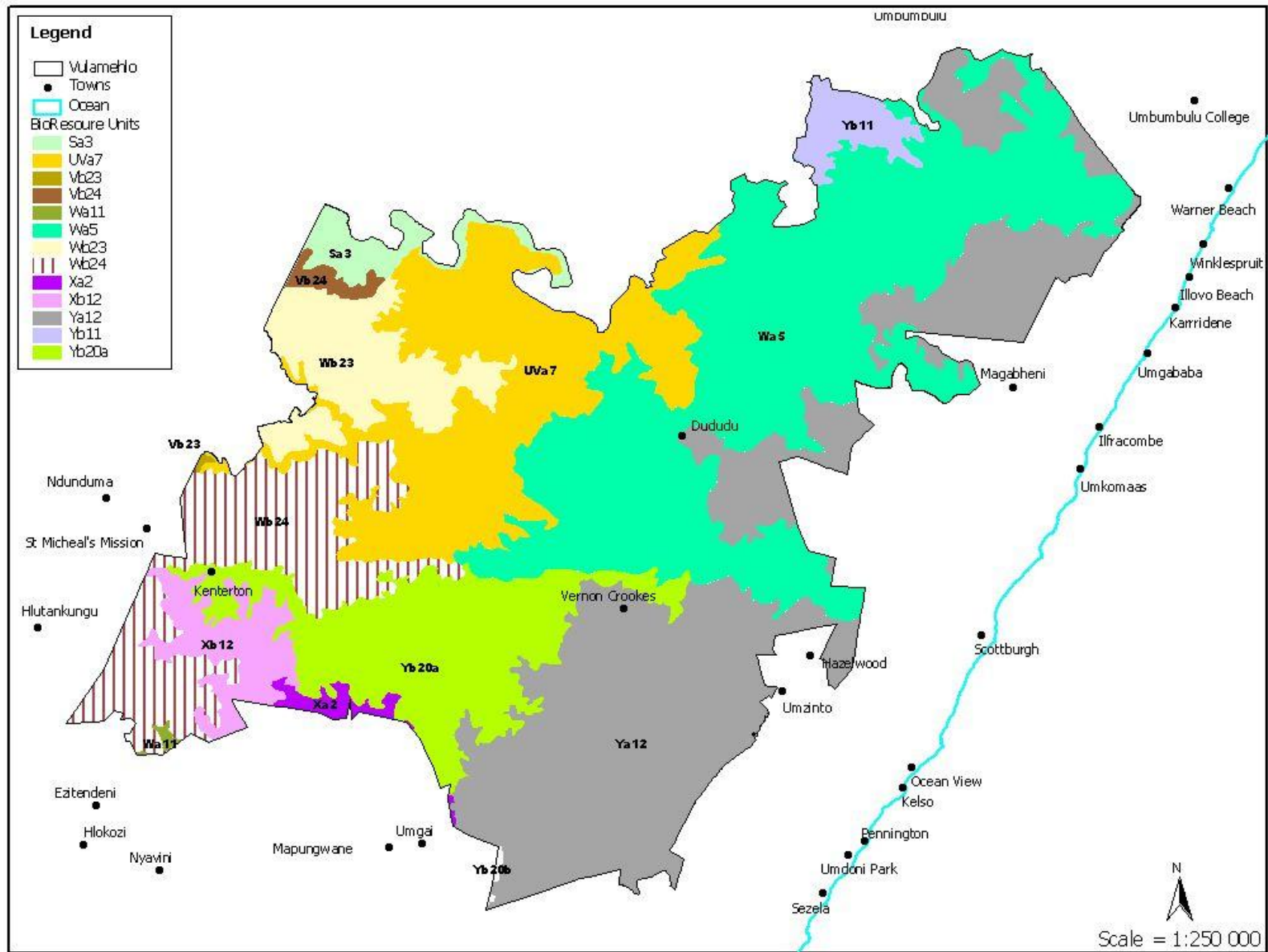
- It can be seen from the map, that the terrain of Vulamehlo is very broken and while there are a number of larger areas that are suitable for annual cultivation, in most cases, it will be necessary to identify pockets of suitable land that can be

used. It should be noted that much of the agricultural activities of many rural households are taking place on land that has slopes greater than 12%. Steps should be taken to introduce cultivation practices that will make these activities more sustainable in the long-term.

**TABLE: SOIL AND TERRAIN-RELATED INFORMATION OBTAINED FROM THE KZNDAEA BIORESOURCE PROGRAMME - LARGER BRUs HIGHLIGHTED**

| BRU code | % of BRU arable | % of BRU high potential arable | % of BRU shallow | % of BRU with moderate to poor drainage | % of BRU suitable only for cane, timber & perennial pastures |
|----------|-----------------|--------------------------------|------------------|---|--|
| Wb 24    | 32.4            | 6.36                           | 50.3             | 46.3                                    | 41   |
| Wa5      | 5.2             | 0                              | 83               | 73.9                                    | 21.7   |
| UVa7     | 28.9            | 0                              | 48.2             | 39.3                                    | 6.3  |
| Ya12     | 10.6            | 1.73                           | 58               | 67.6                                    | 30.86  |
| Yb20     | 21.1            | 1.62                           | 54.5             | 65.5                                    | 14.78  |
| Wb23     | 14.8            | 6.54                           | 66               | 67.3                                    | 28.73  |
| Yb11     | 48.5            | 15.03                          | 37.5             | 42.8                                    | 37.2   |
| Sa3      | 4               | 0                              | 54.5             | 48.5                                    | 6.45   |
| Xb12     | 35.5            | 2.73                           | 48               | 51.9                                    | 55.41  |
| Vb24     | 0               | 0                              | 94.3             | 81                                      | 5.26   |

MAP OF VULAMEHLO MUNICIPALITY SHOWING BIORESOURCE UNITS





**MAP OF VULAMAELO SHOWING THE LIKELIHOOD OF ENCOUNTERING SOILS WITH STRUCTURE FAVOURABLE FOR ARABLE LAND USE**

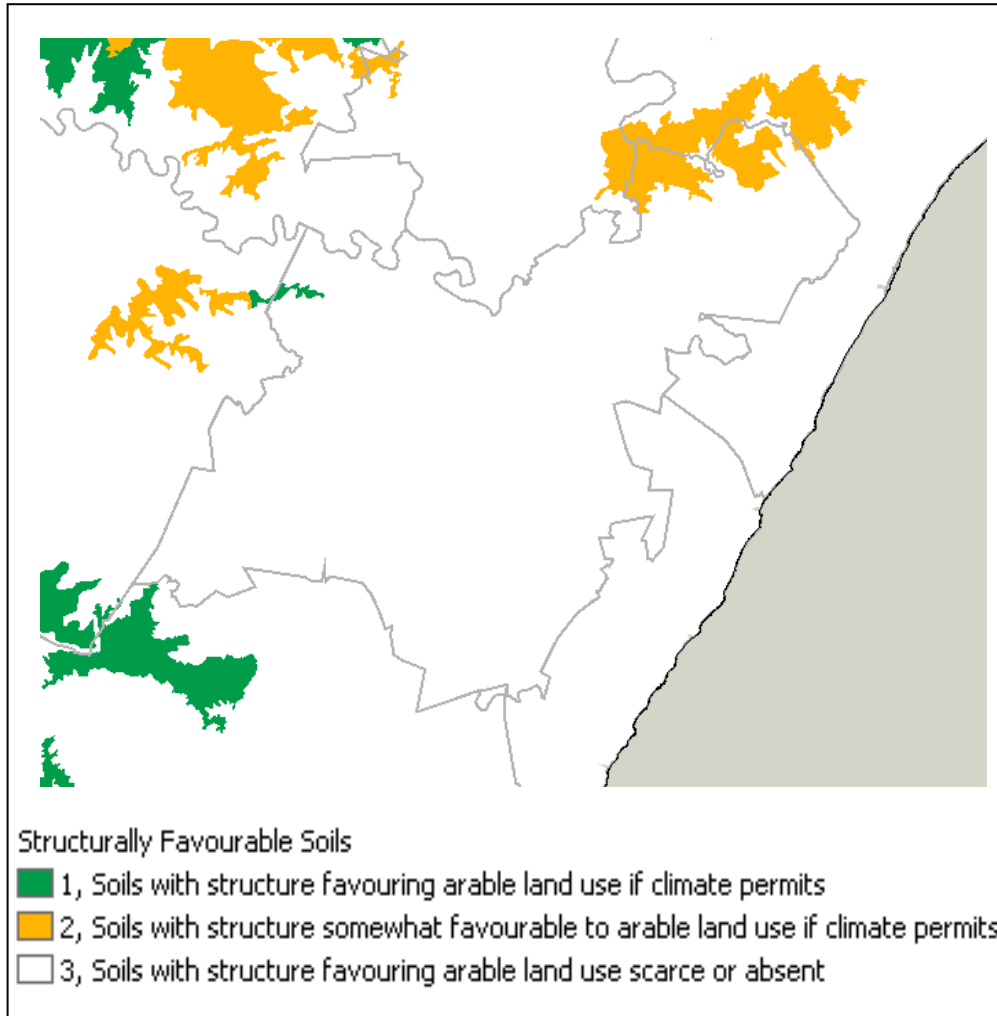
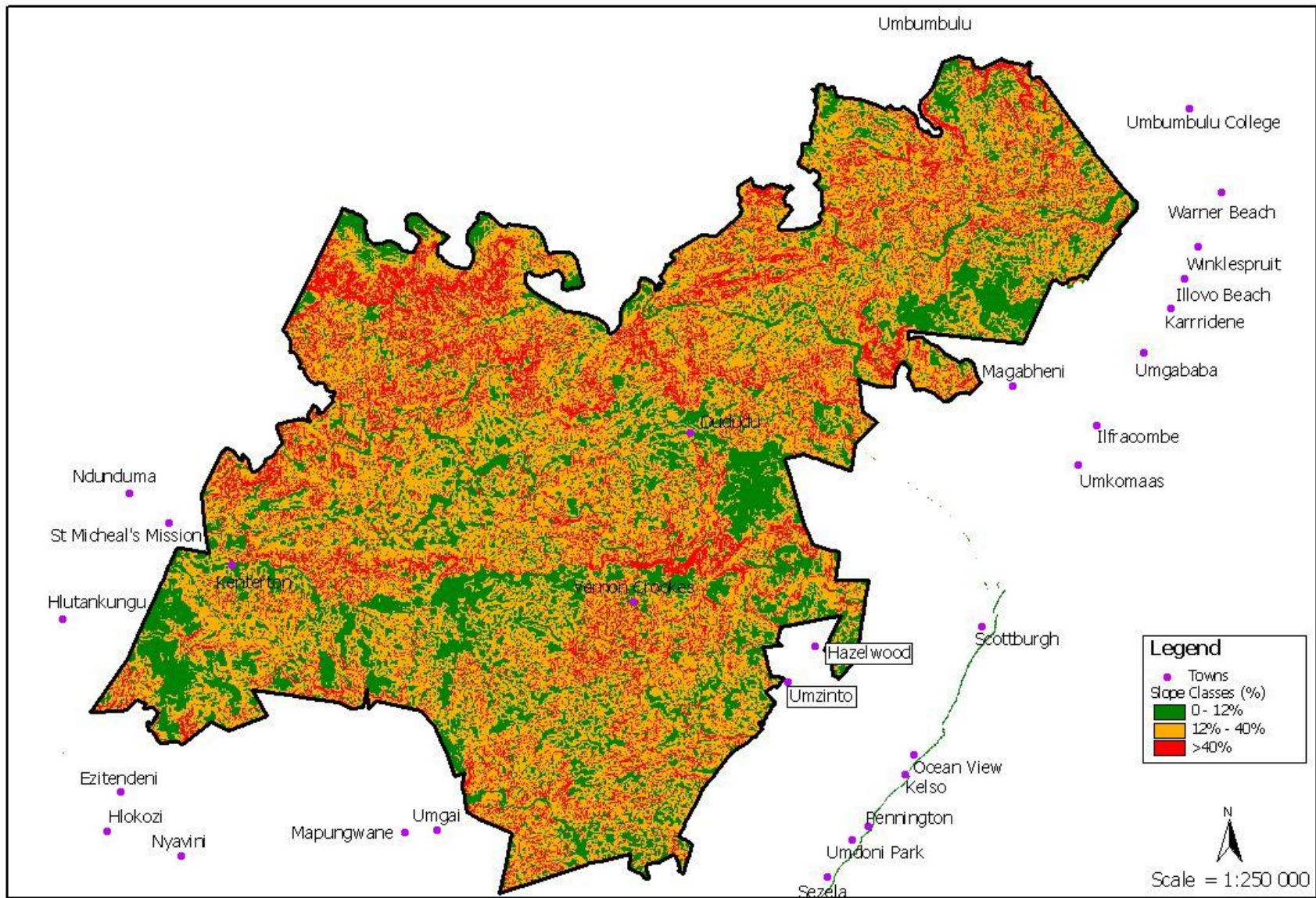




FIGURE 4.3: MAP OF VULAMEHLO MUNICIPALITY SHOWING SLOPE CATEGORIES



## Vegetation

The natural vegetation that exists in an area is generally reflective of the soils, terrain and climate of that area. The KZNDAEA Bioresource Programme classifies the province into vegetation types known as Bioresource groups (Figure 4.4). The Bioresource Groups (and predominant vegetation types) found in Vulamehlo are:

- ❑ Moist Coastal Forest, Thorn+Palm Veld (BRG1) - primarily bushed grassland/bushland
- ❑ Moist Coast Hinterland Ngongoni Veld (BRG3) - primarily grassland / bushed grassland
- ❑ Valley Bushveld (BRG 21) - primarily bushland thicket and bushland, and, to a much lesser extent,
- ❑ Coast Hinterland Thornveld (BRG 17) - primarily bushclumped grassland and bushland thicket).

Natural vegetation is particularly important for livestock-based enterprises that rely on natural grazing. Grazing capacity is a measure of the amount of land required for an animal. Within Vulamehlo, grazing capacity ranges from 2.5 hectares per animal unit to 5.4 hectares per animal unit (an animal unit being defined as a 450kg steer). A number of additional comments can be made regarding natural vegetation within Vulamehlo:

- ❑ Within the privately owned parts of Vulamehlo most of the natural vegetation has been replaced by cane and timber
- ❑ The Valley Bushveld is encountered in the drier, western areas that are also characterised by very broken terrain. It

has low grazing capacity and may offer more opportunities for agro-tourism than conventional livestock production.

## Rainfall

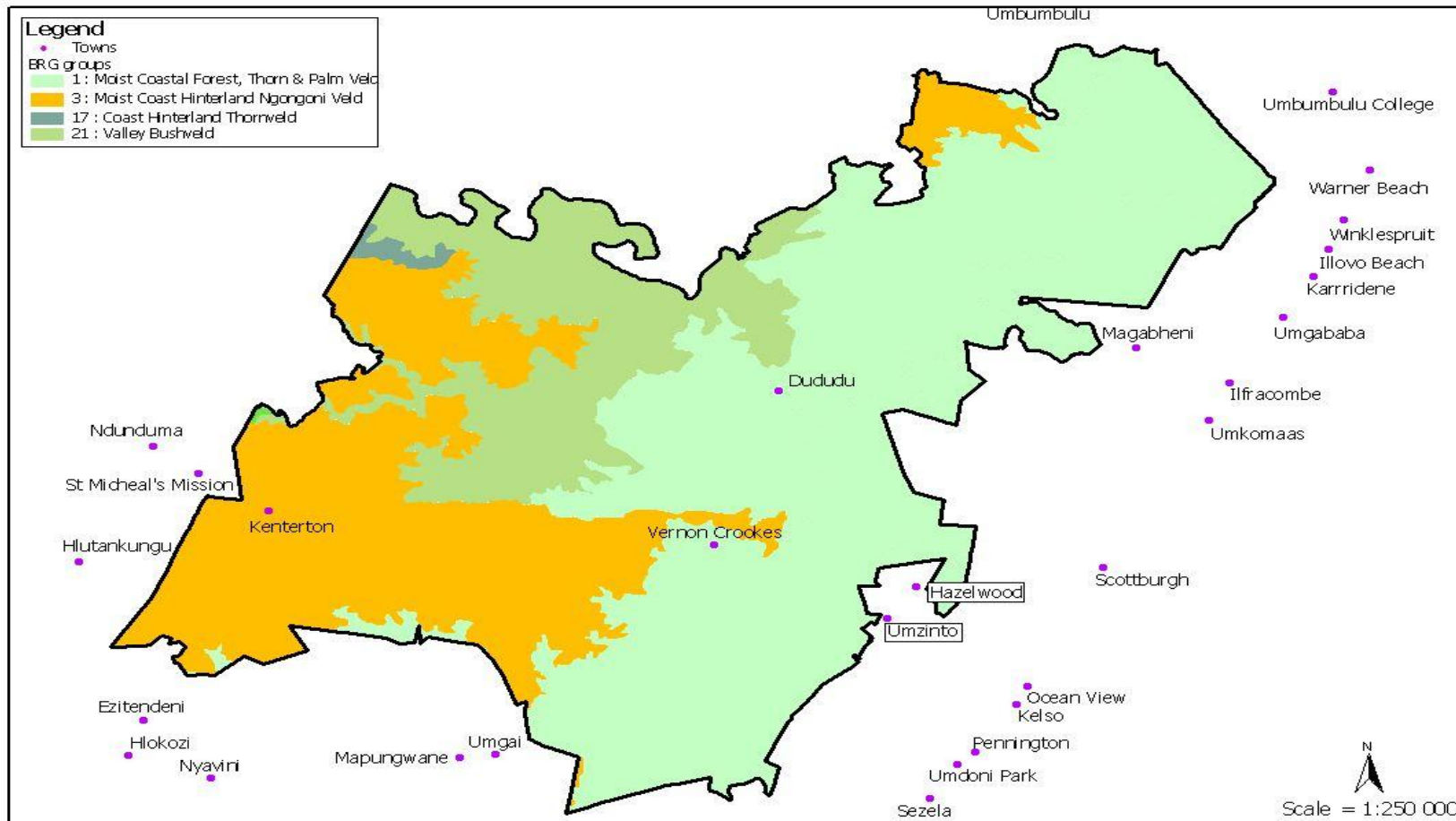
- ❑ Rainfall is one of the most important factors affecting the land potential of an area, especially for the establishment of dryland crops. It also has an impact on grazing capacity as it affects the regrowth of the grass.
- ❑ Data provided by the National Botanical Institute shows trends for the municipality in terms of average annual rainfall (Figure 4.5). More detailed climatic information in terms of temperatures and rainfall can also be obtained from the Bioresource programme.
- ❑ Vulamehlo is a summer rainfall area and most of the rain occurs during the summer period. While the whole of the municipality receives relatively high levels of rainfall, the eastern side of the municipality receives the highest annual rainfall (>1000mm/annum), while the inland areas are drier (some areas as low as 640mm/annum). This influences the types of crops that can be grown under dryland conditions. It also influences the amount of water required for irrigated crops and vegetables, since irrigation supplements natural rainfall events.

## Temperature

According to data supplied by the National Botanical Institute, mean annual temperatures for Vulamehlo range from 17oC in the south

west, to 20oC in the north and to the west. Temperatures are high and there are generally no limitations due to the incidence of frost.

**FIGURE 4.4: MAP OF VULAMEHLO MUNICIPALITY SHOWING BIORESOURCE GROUPS**



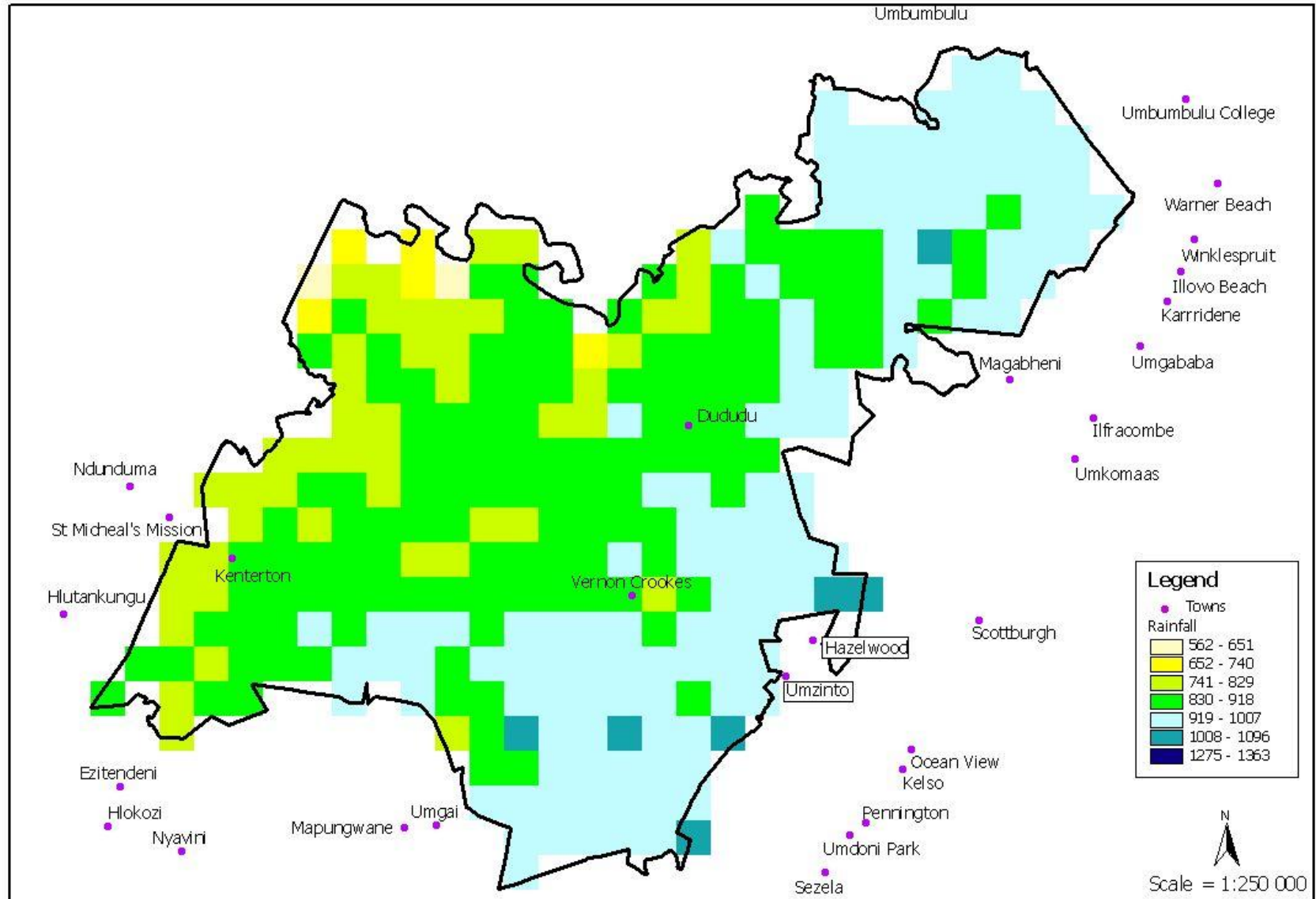


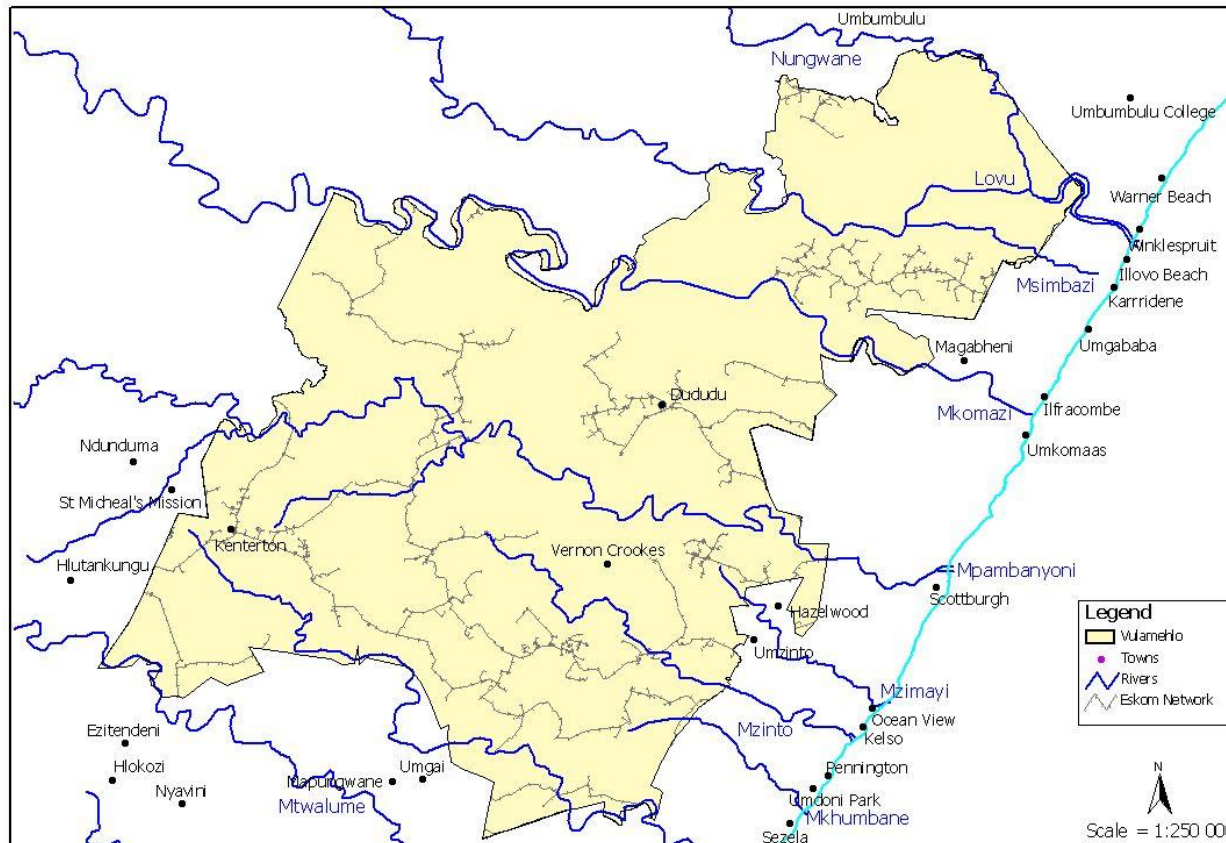
FIGURE 4.5: MAP OF VULAMEHLO MUNICIPALITY SHOWING MEAN ANNUAL RAINFALL (MM/ANNUM)



## Rivers

Rivers are an important resource for agricultural development, providing a source of water for irrigation. This is particularly important during the drier winter months. A number of perennial rivers flow through Vulamehlo Municipality, including: Nungwane, Lovu, Msimbazi, Mkomazi, Mpambanyoni, Mzimayi, Mzinto, Mkhumbane and Mtwalume.

**FIGURE 4.6: MAP OF VULAMEHLO MUNICIPALITY SHOWING PERENNIAL RIVERS**



The development of irrigation projects along perennial rivers is seen as an important means of achieving agricultural development with the Municipality. A number of points should be noted:

- ☐ Many projects have failed because project beneficiaries do not have the technical expertise or the resources required to maintain the irrigation infrastructure
- ☐ The high costs of irrigation require high management levels and high levels of production (marketing is a key factor for success)
- ☐ The National Water Act (1998) requires that users obtain authorisation to extract water for irrigation purposes
- ☐ As a broad rule, irrigation sites should not be located more than 2km from or 60m above the pumping site. Hand Book for Agricultural Advisors – JB Smith (2003).

According to DWAF, the construction of off-channel dams that store excess water during high flow periods should be considered. This is particularly important for rivers where there is already substantial water use occurring as extraction of water during low flow periods may not be permitted.

The possibility of using water harvesting techniques instead of conventional irrigation methods for irrigating smaller projects and household production should also be considered. According to a training material prepared by the Food and Agriculture Organisation (FAO), there are four types of water harvesting techniques<sup>1</sup>:

- ☐ Rooftop

- ☐ Microcatchment
- ☐ Macrocatchment (medium-sized catchment)
- ☐ Floodwater harvesting.

Rooftop harvesting techniques are normally used for household production and water is normally stored in tanks for subsequent use. With microcatchment water harvesting, the catchment (normally 1 – 1000m<sup>2</sup> in extent) is located adjacent to the arable area and runoff is captured and stored in the soil (in the root zone). This method is suitable for annual crops and trees. The ratio of catchment area to arable land generally ranges from 1:1 to 10:1.

Macrocatchment water harvesting takes place on a larger scale and the catchment is normally not directly adjacent to the arable area. Run-off is still stored mainly in the soil, but construction of bunds allows for some overflow from the arable area. The ratio of catchment to arable land area ranges from 10:1 to 100:1 and bunds / channels catch water and feed it into arable land while bunds at the bottom of the arable land contain water allowing for infiltration into the soil and overflow of the excess. The largest form of water harvesting is known as floodwater harvesting. This may involve the construction of a number of dams and ponds to capture turbulent channel flow from major rivers. This method reduces damage caused by flash floods and replenishes groundwater.

## AUTHORISATION FOR WATER EXTRACTION

Applications for extraction of water for irrigation purposes or construction of dams and weirs must be submitted to the Department of Water Affairs and Forestry (DWAF).

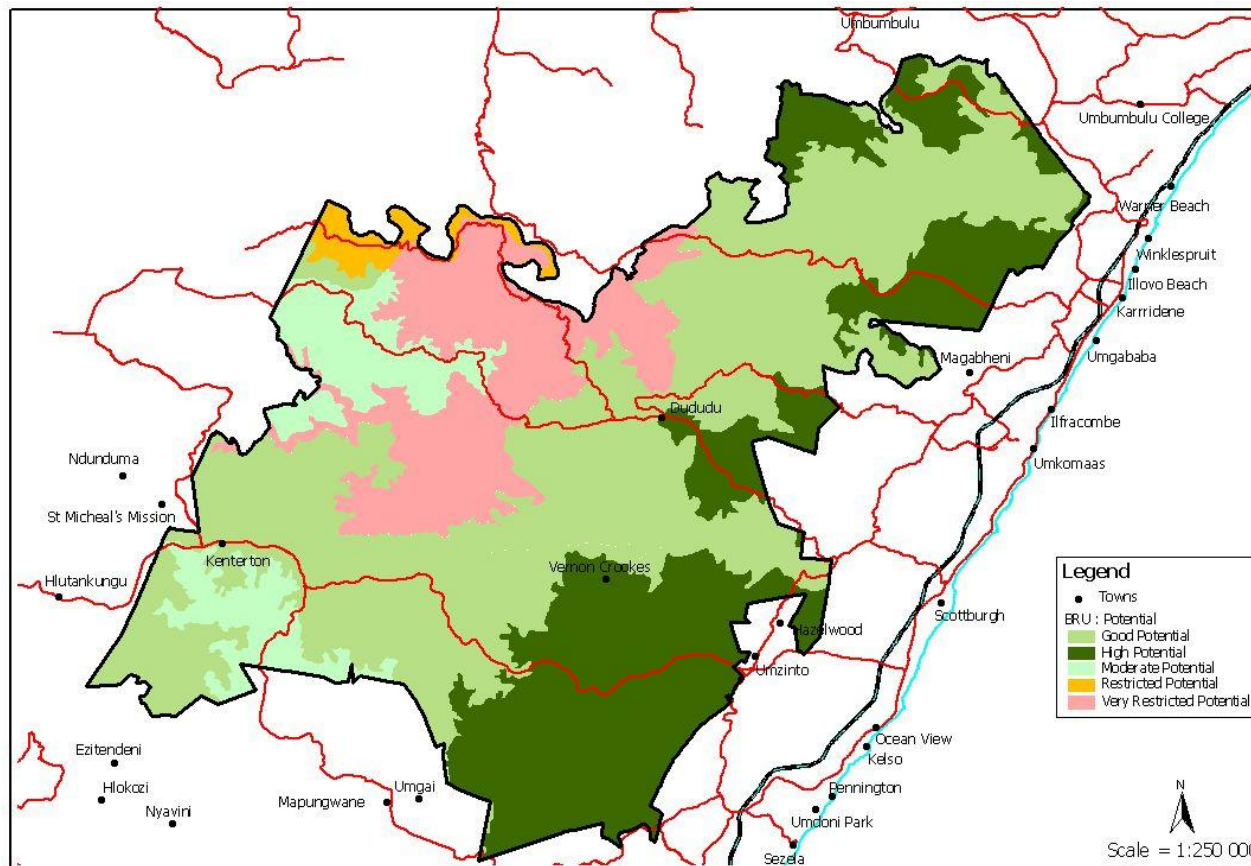
Government Notice 26187 (No. 399 of 2004: General authorization in terms of Section 39 of the National Water Act, 1998) is a schedule that indicates that a license is not required for the extraction of water for irrigation if the annual requirement does not exceed 150 000 cubic metres. With relatively heavy irrigation throughout the year, this translates to an area of approximately 15ha. A group or individuals wishing to establish irrigation activities not exceeding this must still complete a registration form for taking water from a water resource and submit this to DWAF. This allows them to keep track of the amounts of water being removed from a particular catchment.

No 398 of 1998 (General authorization in terms of Section 39 of the National Water Act, 1998) allows for the construction of weirs on streams. This general authorization applies to structures that impeded flow, but not to storage structures such as dams. Thus, for this authorisation to be applicable, the weir should not hold more than 1-2 weeks worth of water. Thus for a 15ha irrigation scheme, a weir holding less than 5000 cubic metres would be covered by this legislation. In this case no application would have to be submitted for construction of the weir, but the water use registration would be necessary.

## Land potential rating

The Bioresource programme gives each Bioresource Unit a land potential rating on the basis of its usefulness for agriculture. This rating takes into account the full range of factors (climate, terrain, vegetation and soils). It provides a first approximation of land potential, but more thorough analysis of the data is essential before any conclusions can be drawn regarding possible agricultural activities. Attempts should definitely be made to retain for agricultural purposes that land categorised as being high potential. From the map below, the eastern parts of the municipality appear to have higher potential than the western parts, largely as a result of the trends in mean annual rainfall. The area said to have very restricted potential also has very broken terrain.

## MAP OF VULAMEHLO MUNICIPALITY SHOWING THE LAND POTENTIAL RATING ACCORDING TO THE BIORESOURCE PROGRAMME



## Conservation and biodiversity issues

According to the output from C-Plan, a conservation plan for the province that is managed by Ezemvelo KZN Wildlife, a number of irreplaceable sites have been identified in the North Eastern parts of the Municipality. A number of other sites with relatively high

irreplaceability ratings, that are important for conserving biodiversity, are located in the South East. Where possible, agricultural development that takes place in areas that have a high conservation status, should be compatible with the endangered species that are located there. Applications made to KZNDAEA for changes in land



use, or the ploughing of virgin land (or land that has been unploughed for ten years or more), are unlikely to be authorized if they fall into areas rated as totally irreplaceable (mandatory reserves).

#### **C-PLAN (EZEMVELO KZN WILDLIFE)**

Ezemvelo KZN Wildlife<sup>2</sup> is the mandated biodiversity body in the province and advises the KZNDAEA on the potential environmental impacts of proposed developments. The National Environmental Management: Biodiversity Act (No. 10 of 2004) calls for the identification of endangered ecosystems that need to be protected. KZN Wildlife has undertaken a systematic conservation planning process using an Australian package called C-Plan.

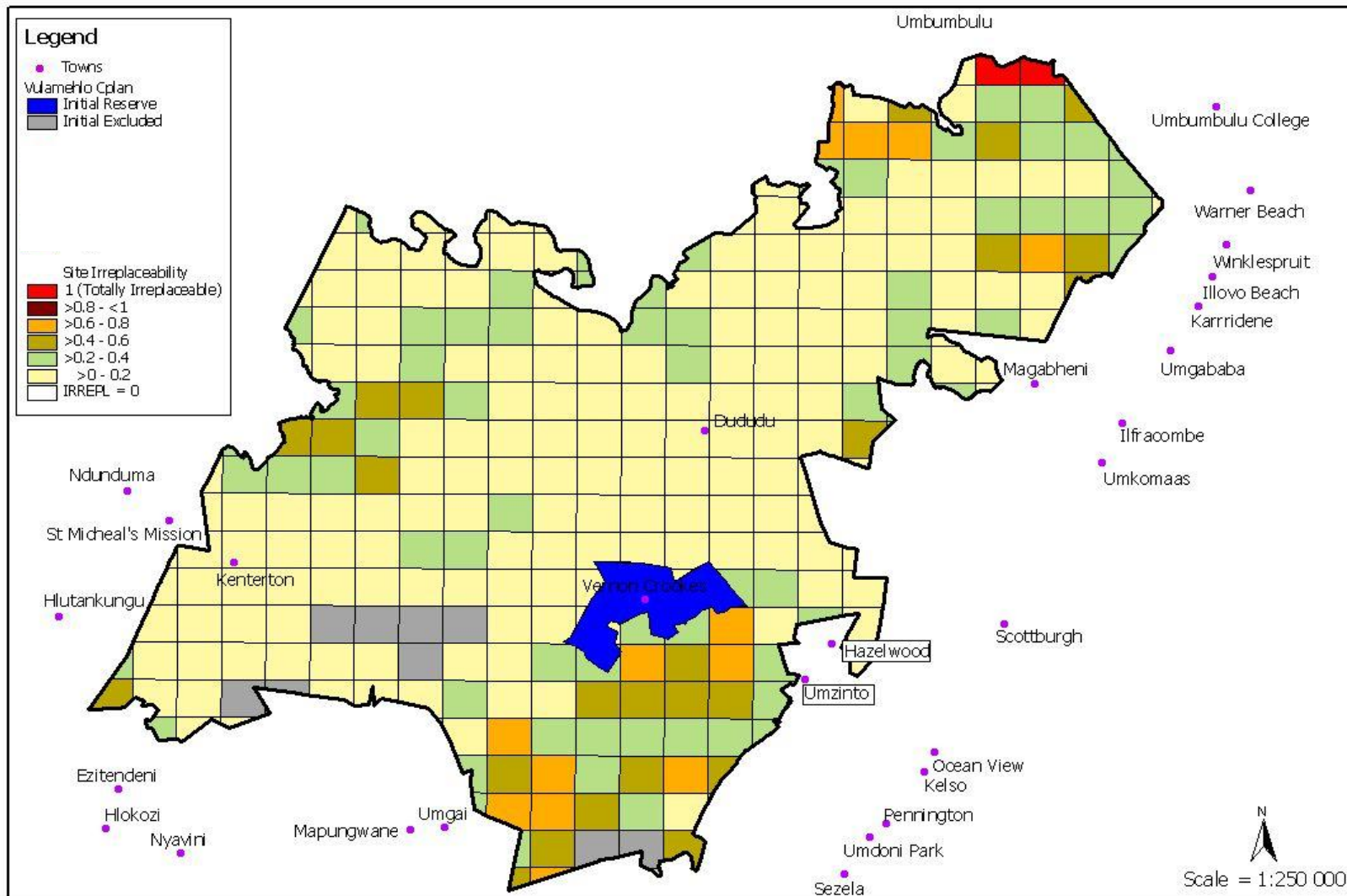
KZN Wildlife has undertaken a systematic conservation planning process using an Australian package called C-Plan. The current system has modeled the province at a 2x2km (400ha) resolution, but it currently being upgraded to smaller pixels, and also taking into account more recent transformation coverage.

C-Plan identifies areas where transformation (loss of natural vegetation) has taken place to the extent that only small fragments of certain ecosystems remain. It categorises these areas as irreplaceable for safeguarding biodiversity (especially of the species found within that particular area). Each 400ha pixel is given an irreplaceability rating. These ratings are either 0 (if totally transformed) or a between 0.1 and 1 to indicate irreplaceability. A site with a score of 1 is said to be totally irreplaceable – which means that

one is unlikely to find another similar area that can be conserved in order to maintain biodiversity. A site with a score of 0.1 is less irreplaceable and there are more opportunities to find similar sites that could be conserved in order to retain biodiversity. Within areas (pixels) that are shown as red on the map below, there are generally just small fragments of untransformed land remaining that need to be protected. The new output of the C-plan will exclude the transformed areas and will thus show the actual fragments of land that need to be protected.

C-Plan has another form of output that shows the minimum set, which is the minimum amount of area that needs to be conserved in order to maintain biodiversity. It takes into account the area of land that a certain species requires in order to survive. Irreplaceable sites are shown on the Minset coverage as 'mandatory reserves'. If this is the case, land use will only be permitted if it is compatible with the species found there. This is also the case where requests for changes of land use are submitted for land adjacent to such sites. The Minset output also identifies certain areas as 'negotiated reserves'. These are areas that would be of greatest benefit to conserve in terms of their impact on biodiversity. This means that conserving these areas is the most efficient way to achieve the conservation targets.

**MAP OF VULAMEHLO MUNICIPALITY SHOWING IRREPLACEABILITY OF AREAS IN TERMS OF ACHIEVING CONSERVATION TARGETS  
(ACCORDING TO C-PLAN)**



steps to formulate.

terms of the Municipal Systems Act. A critical risk management tool

However, the plan formulated was not properly aligned to the

District's Disaster Management Plan. This has necessitated the revision of Vulamehlo's DMP for the purposes of aligning it with the rest of Ugu's plans.

Furthermore the disaster management function is now performed as a shared service in the district as the most local municipalities do not have the capacity to perform this function. Vulamehlo Municipality forms part of the shared service initiative as it does not have sufficient capacity to carry out this function. The communities at ward level are capacitated in the area of fire fighting, first aid, river rangers and community based disaster management training in order to better equip them in the event of occurrence of an incident which may threaten the life and / or property of the municipality.

The district has developed, in its administration a disaster management centre, which specialises in issues concerning disasters and disaster management. The centre exercises its powers and performs its duties subject to the municipality's IDP and other directives of the municipal council acting within the national and provincial disaster management forums.

## **2.5. Municipal Transformation and Institutional Development**

### **2.5.1. Performing of Powers and Functions**

This section begins by listing all the powers and functions of the municipality and also sets out the powers and functions that the municipality is currently performing. Sections 156 and 229 of the Constitution set out the powers and functions of municipalities. Section 83 (1) of the Structures Act also confirms the powers and functions of a municipality as those outlined in the latter provisions of the constitution excluding those vested in the district municipality. Section 83 (2) of the Structures Act qualifies section 83 (1) by providing for the division of powers and functions in the case of a district and its family of local municipalities.

It must be noted that these powers are not absolute as the MEC for local government may subject to other provisions of the Structures Act, adjust the division of functions and powers between a district and local municipality by allocating, within a prescribed policy framework, any of those functions and powers vested in the local municipality, to the district municipality or the vice versa.

The table below sets out the powers that are currently performed and those that are not yet performed. There could be a number of reasons why functions are not performed or partially performed. In some cases the powers and functions are not performed because of the lack of resources or because the need has not arisen at any particular stage. The table below tries to set out the reason for either performance or non-performance of each function.

The said powers and functions are detailed in the table below:

| CORE FUNCTIONS   |   |
|--|---|
| Schedule 4 Part B  | Schedule 5 Part B   |
| Building, Trading Regulations Liquor & Public Nuisance Control | Cemeteries, Funeral Parlours and Crematoria                   |
| Electricity and Gas Reticulation                               | Cleansing and Trade Areas                                     |
| Fire Fighting Services   | Municipal Roads   |
| Municipal Planning   | Refuse Removal, refuse dumps and solid waste disposal         |
| Storm Water Management Systems in built up areas               | Street Lighting   |
| Water and Sanitation   | Traffic and Parking   |
| Air Pollution  | Beaches and Amusement Facilities                              |
| Child Care facilities  | Billboards and the display of advertisements in public places |
| Municipal Airports   | Control of undertakings that sell liquor to the public        |
| Municipal Health Services                                      | Facilities for the accommodation, care and burial of animals  |
| Municipal Public Transport                                     | Fencing and fences  |

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|  |  |
|--|--|
| <b>Municipal Public Works</b>          | <b>Licensing, facilities for accommodation, care and burial of animals</b> |
| <b>Pontoons, ferries, jetties etc.</b> | <b>Licensing and control of undertakings that sell food to the public</b>  |
|  | <b>Markets</b>   |
| <b>Local Tourism</b>                   | <b>Municipal Abattoirs</b>   |
|  | <b>Noise Pollution</b>   |
|  | <b>Pounds</b>  |
|  | <b>Public Places</b>   |
|  | <b>Street Trading</b>  |
|  | <b>Local Sports Facilities</b>   |
|  | <b>Municipal Parks and Recreation</b>                                      |
|  | <b>Local Amenities</b>   |

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| <b>No</b> | <b>Function</b>   | <b>Performed</b> | <b>Partially performed</b> | <b>No Need at present</b> | <b>Not Performed</b> | <b>Performed Externally</b> | <b>Shared Service</b> | <b>Lack of capacity</b> |
|-----------|---|------------------|----------------------------|---------------------------|----------------------|-----------------------------|-----------------------|-------------------------|
| 1         | Building Regulations  |                  |                            |                           |                      |                             |                       |                         |
| 2         | Child Care Facilities   |                  |                            |                           |                      |                             |                       |                         |
| 3         | Electricity Reticulation                                      |                  |                            |                           |                      |                             |                       |                         |
| 4         | Fire Fighting   |                  |                            |                           |                      |                             |                       |                         |
| 5         | Local Tourism   |                  |                            |                           |                      |                             |                       |                         |
| 6         | Municipal Planning  |                  |                            |                           |                      |                             |                       |                         |
| 7         | Storm water   |                  |                            |                           |                      |                             |                       |                         |
| 8         | Trading Regulations   |                  |                            |                           |                      |                             |                       |                         |
| 9         | Billboards and the display of advertisements in public places |                  |                            |                           |                      |                             |                       |                         |
| 10        | Cemeteries, Funeral Parlours and Crematoria                   |                  |                            |                           |                      |                             |                       |                         |
| 11        | Cleansing   |                  |                            |                           |                      |                             |                       |                         |
| 12        | Control of public nuisance                                    |                  |                            |                           |                      |                             |                       |                         |
| 13        | Control of undertakings that sell liquor to the public        |                  |                            |                           |                      |                             |                       |                         |
| 14        | Facilities for the accommodation, care and burial of animals  |                  |                            |                           |                      |                             |                       |                         |

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|    |   |  |  |  |  |  |  |  |
|----|---|--|--|--|--|--|--|--|
| 15 | Fencing and fences  |  |  |  |  |  |  |  |
| 16 | Licensing of dogs   |  |  |  |  |  |  |  |
| 17 | Licensing and control of undertakings<br>that sell food to the public |  |  |  |  |  |  |  |
| 18 | Local amenities   |  |  |  |  |  |  |  |
| 19 | Local sports facilities   |  |  |  |  |  |  |  |
| 20 | Markets   |  |  |  |  |  |  |  |
| 21 | Municipal abattoirs   |  |  |  |  |  |  |  |
| 22 | Municipal parks and recreation  |  |  |  |  |  |  |  |
| 23 | Municipal roads   |  |  |  |  |  |  |  |
| 24 | Noise pollution   |  |  |  |  |  |  |  |
| 25 | Pounds  |  |  |  |  |  |  |  |
| 26 | Public places   |  |  |  |  |  |  |  |



**VULAMEHLO MUNICIPALITY INTEGRATED DEVELOPMENT PLAN 2007/2008 – 2011/2012**

|    |   |  |  |  |  |  |  |  |
|----|---|--|--|--|--|--|--|--|
| 27 | Air Pollution   |  |  |  |  |  |  |  |
| 28 | Municipal Airport                                       |  |  |  |  |  |  |  |
| 39 | Municipal Health services                               |  |  |  |  |  |  |  |
| 30 | Municipal Public Transport                              |  |  |  |  |  |  |  |
| 31 | Pontoons and Ferries                                    |  |  |  |  |  |  |  |
| 32 | Water   |  |  |  |  |  |  |  |
| 33 | Sanitation  |  |  |  |  |  |  |  |
| 34 | Beaches and Amusement Parks                             |  |  |  |  |  |  |  |
| 35 | Control of undertakings that sells liquor to the public |  |  |  |  |  |  |  |
| 36 | Refuse Removal  |  |  |  |  |  |  |  |
| 37 | Street Trading  |  |  |  |  |  |  |  |
| 38 | Street lighting   |  |  |  |  |  |  |  |

|    |                     |  |  |  |  |  |  |  |
|----|---------------------|--|--|--|--|--|--|--|
| 39 | Traffic and Parking |  |  |  |  |  |  |  |
|----|---------------------|--|--|--|--|--|--|--|

Out of 39 functions, the municipality fully performs two functions; one is being partially performed and two are being performed through a shared service.

### 2.5.2. Institutional Arrangement

The Municipal Structures Act provides for different types of Municipal Systems. The Vulamehlo Municipality opted for a Collective Executive System with ward representation. The municipality consists of ten wards, each with two councillors, a ward councillor and PR councillor, totalling, 20 councillors altogether.

The establishment of ward committees has been finalised. The municipality has customised the generic ward committee policy that was developed by the DLGTA. There are a few challenges that have been identified with regards to the functioning of ward committees such as the lack of capacity among ward committee members, administrative support, reimbursements for out-of-pocket expenses and the general dissatisfaction around the election of committees and the selection criteria thereof. These challenges are currently being addressed by the and the ward committees are now functioning and have the administrative support and the ward

committee members are being reimbursed for the out of pocket expenses.

There are ten Traditional Councils within Vulamehlo municipality. The new legislative developments encourage Traditional Councils and Municipal Councils to work in partnership on issues of development even though the former is not vested with legislative authority on Municipal Council matters.

Clearly in all instances responsibility for decision making lies with the Council and the responsibility for implementation of Council Resolutions lies with the Municipal Manager and the officials. The Municipality currently employs 50 full time staff members. All the vacancies for Section 57 employees have been filled. There are four departments within the municipality three of which are headed by Section 57 Managers and one by a non-Section 57 Manager.

These departments are: the Corporate Services, Finance, Technical Services and Development Planning and LED. However, the future of the Planning & LED department and the potential of the Municipality to build in-house capacity in that department are unclear at this stage. The reason for this is that a proposal has been

made for development planning to be done on a shared service basis.

As a precursor to developing an institutional plan it is among other things imperative that the current Municipal capacity to implement the IDP be analysed. That analysis is reflected in the table below.

### **2.5.3. Human Resources Development Policies and Strategy**

The municipality has developed and workshoped its HR Policies. Moreover, the municipality has submitted a business plan to the DLGTA for funding to develop a HRD Strategy. The HRD Strategy has been now developed and has been adopted by the council.

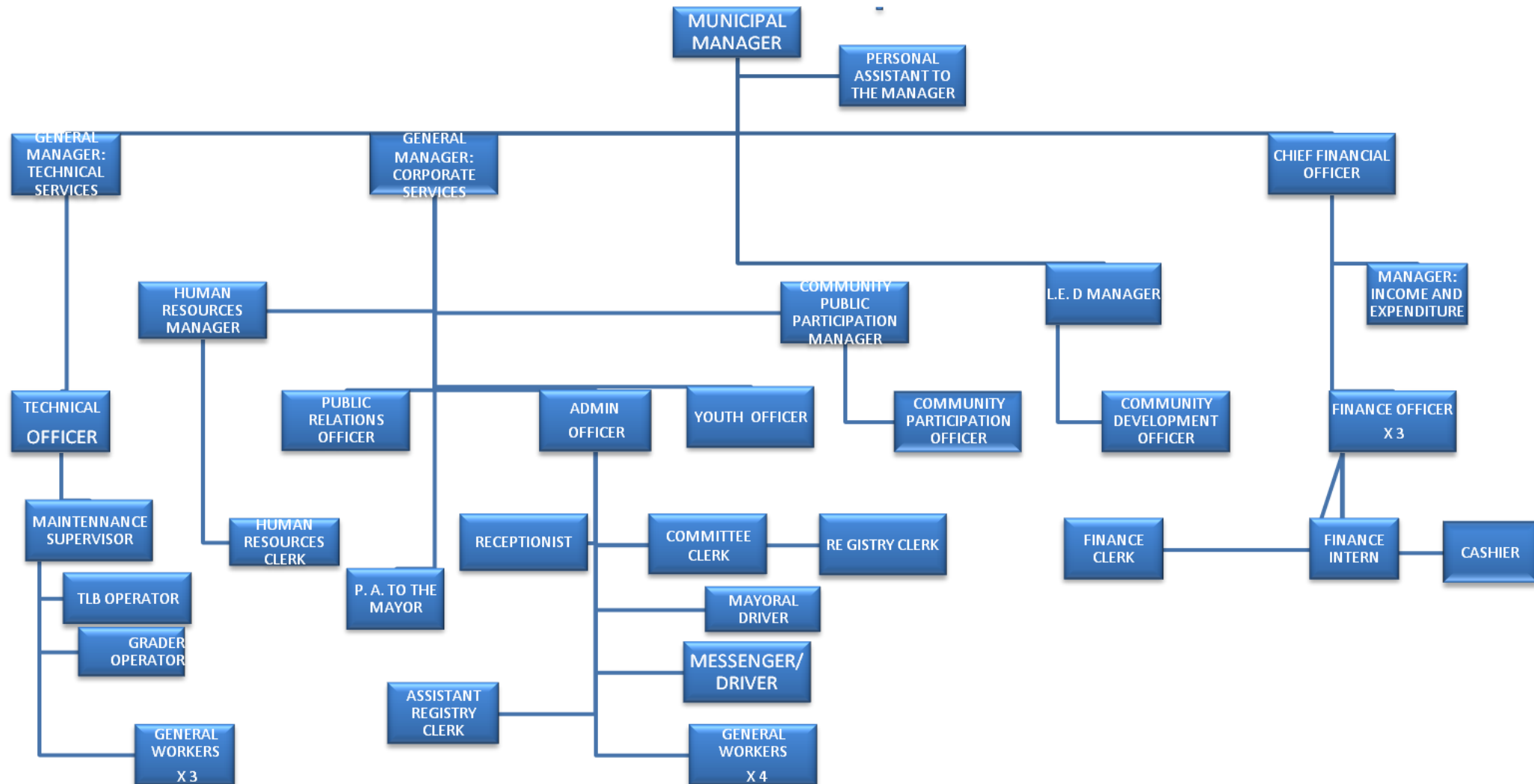
#### **2.5.3.1. Analysis of Organogram and vacancy rates**

Municipalities are enjoined to regularly review their structures to determine whether or not they have been successful in transforming the skills base through the implementation of targeted interventions such as learnerships or skills development programmes.

Municipalities have to become competent development facilitators, build partnerships and networks with local communities and the private and non-governmental sector, to achieve their developmental goals. It is within this context that the municipality decided to review its Organogram. The approved Organogram is set out overleaf. The analysis of this organogram has enabled the municipality to develop an institutional development plan.

# VULAMEHLO MUNICIPALITY INTEGRATED DEVELOPMENT PLAN 2007/2008 – 2011/2012

## VULAMEHLO MUNICIPALITY ORANOGRAM



### RECOMMENDATIONS FROM THE REVIEW OF THE ORANOGRAM (INSTITUTIONAL DEVELOPMENT PLAN)

| Department | Overview | Recommendation |
|------------|----------|----------------|
|------------|----------|----------------|

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|  |  |  |
|--|--|--|
| <b>Office of the<br/>Municipal<br/>Manager</b> | <p><b>The top structure is a sound model on which to expand in the ever changing environment of the sector</b></p> <p><b>INTERNAL AUDIT SECTION</b></p> <p>In view of the importance of the Internal Audit function, it is imperative that capacity is built in the Office of the MM to ensure monitoring and compliance</p> <p><b>SHARED SERVICES:</b></p> <p>Whilst the district is assisting with the development planning function, it is important that capacity is built in-house so that the municipality can exercise self-reliance within a shared service environment</p> <p><b>OPERATING MANAGER</b></p> <p>To support the MM in dealing with strategic operational matters which will streamline the functions of the MM office as well as lending support to the day-to-day operations of the municipality</p> <p><b>SPEAKER'S OFFICE</b></p> <p>To support the capacitating of ward committees and the public participation strategy</p> | <ul style="list-style-type: none"> <li>❖ An in-house individual to be considered for the internal audit function that will work in the shared service environment</li> <li>❖ Explore funding options to set up a PIMMS office</li> <li>❖ Explore the possibility of appointing an Operating Manager to the Municipal Managers office to deal with strategic operational functions of the municipality as support to the MM</li> <li>❖ Explore funding options to capacitate the Office of the Speaker from a functional structure point of view</li> </ul> |
| <b>Corporate<br/>Services</b>                  | <p><b>The structure is solid but needs further resources to accommodate all the functions of the municipality thereby providing an efficient and effective service to its stakeholders</b></p>   |  |
| <b>Sub Sectors<br/>Human<br/>Resources</b>     | <p>The HR section is one of the core departments of the municipality and needs to have a strong HR framework</p> <p><b>HR SECTION</b></p> <p>The HR officer needs administrative support as well as support staff from a</p>   | <ul style="list-style-type: none"> <li>❖ An individual for training and development who monitors and advises on the implementation of the SDF</li> <li>❖ Training for the Committees section</li> <li>❖ Establish an IT Department with 2 core</li> </ul>  |

## VULAMEHLO MUNICIPALITY INTEGRATED DEVELOPMENT PLAN 2007/2008 – 2011/2012

|   |  |   |
|---|--|---|
| <p><b>Secretariat</b></p><br><br><br><p><b>Information Technology</b></p><br><br><br><p><b>Auxiliary Services</b></p> | <p>training and development perspective</p> <p><b>COMMITTEES SECTION</b></p> <p>In order for the committee section to operate effectively further staff training needs to be done</p> <p><b>IT DEPARTMENT</b></p> <p>An IT section is an essential section in any Municipality and provision for such a section needs to be made</p> <p><b>Auxiliary Services Section needs to be more streamlined</b></p> <p><b>AUXILIARY SUPPORT SERVICES SECTION</b></p> <p>The registry function needs to be undertaken by dedicated officials that will result in a legally compliant registry. Currently the registry system is non-functional</p> | <p>staff, being IT Officer and IT Desk Support</p>  |
| <p><b>Financial Services</b></p>  | <p><b>The structure is a sound model on which to expand in the ever changing environment of the sector</b></p> <p><b>SALARIES SECTION</b></p> <p>Currently this is being performed by the CFO and there needs to be proper segregation of duties. It is suggested that a dedicated official perform this function</p> <p><b>SUPPLY CHAIN</b></p> <p>Whilst most processes are in place, the Supply Chain Unit has not been established and needs to be finalised as a matter of urgency</p> <p><b>MPRA</b></p> <p>Currently no property rating is taking place. The municipality must align its</p>                                      | <ul style="list-style-type: none"> <li>❖ Establish Supply Chain Unit</li> <li>❖ Align staff structure to cater for MPRA implementation</li> </ul> |

**VULAMEHLO MUNICIPALITY INTEGRATED DEVELOPMENT PLAN 2007/2008 – 2011/2012**

|                                       |   |  |
|---------------------------------------|---|--|
|                                       | staff structures to cater for the performance of this function  |  |
| <b>Technical Services</b>             | <p><b>Housing Manager/Officer</b></p> <p>At the moment the Technical Unit is under staff with only 1 Technical Officer who does everything. It is imperative that housing Officer or Manager be appointed to assist with the implementation of the housing sector plan.</p> <p>Technical Officer Operations</p> | ❖ Housing officer or manager be hired  |
| <b>Development Planning &amp; LED</b> | <p>LED Officer</p> <p>Planner</p> <p>Secretary</p> <p>GIS Officer/ PTO Officer</p>  | ❖ Appointment of the LED officer, planner and the GIS Officer. At the moment this Unit is under staffed there is an urgent need for an additional staff. |

#### **2.5.4. Skills Development Plan**

The municipality conducted a skills audit. Thereafter, a Skills Development Plan was developed and submitted to SETA.

Job evaluation has also been undertaken and this entailed the review of job descriptions right across the board.

#### **2.5.5 Various Policies and By-Laws**

The municipality has developed, workshopped and adopted a myriad of policies under the Municipal Assistance Programme (MAP) such as

Waste Management, HR, Financial Management, Disaster Management, Supply Chain Management, Exit, Indigent, Asset Management, HIV/AIDS, and Communication.

#### **2.5.6 Organisational Performance Management System**

In terms of Chapter 6 of the Municipal Systems Act, the municipality must have a PMS framework detailing key performance indicators and targets. The municipality has developed a new PMS framework. This framework is pitched at both organisational and individual levels. The scorecards for all section 57 employees with KPIs and performance

targets have been developed. An attempt has also been made to cascade PMS down to non-section 57 employees.

The new framework is also fully automated and yet very easy to operate as it is done on Excel. The alignment of the IDP and PMS has to a large degree been accomplished. The municipality has developed the PMS framework policy and procedure manual to guide the PMS, which aims to address some of the challenges identified below.

The new Systems Act regulations have been effected in developing the new performance contracts for the section 57 employees. The auditing of PMS is currently done on a shared service basis with the district municipality being the co-ordinator. The new regulations provide for the performance audit committee to be established to assist with, inter alia, the assessment of performance and the awarding of bonuses. The municipality is now looking at setting up the latter committee as required in terms of legislation.

There are however challenges in terms of community involvement in performance management and there is still a need to identify best practices in this regard. Moreover, a need for capacity building for councillors to understand PMS has also been identified. This should include the development of educational material around PMS implementation. The review of PMS quarterly is also another area that needs improvement.

### **2.5.7. Annual Report**

The municipality has prepared an Annual Report including the Performance Report based on the DLGTA template.

### **2.5.8. Audit Committee**

The audit committee is done by a group of independent members as a shared service and the meetings are held regularly.

## **2.6. Good Governance and Community Participation**

### **2.6.1. IDP Process Plan**

The 2010 / 2011 IDP review process plan of the municipality has been aligned with the district's IDP Framework plan. The IDP process plan has been adopted by the EXCO and the municipal council to guide the IDP process for this financial year. Below are the key date that informed the:

- **June** – National and Provincial Departments prepare
- August:** MTEF Budgets
- **September:** National and Provincial Departments prepare adjustments estimates
- **October :** Extended National Cabinet Finalise Division of Revenue
- **November:** Provincial Cabinet approved Budget proposals  
– Departments allocations



- **December** Council notes 1<sup>st</sup> draft IDP
- **January**
- **February** - National/Provincial tabling of Budget
- March:**
- **April:** National DOR and Provincial budgets legislated and DORA gazette notices published.
- **May:** Finalise IDP Implementation Plan  
IDP Review advertised for public comment
- **June:** Budget and IDP Review final documents approved by Council
- **June-July:** Finalise IDP Performance Agreements
- **July:** IDP Implementation Management initiated.

### 2.6.2. Community participation strategy

The municipality has a duty to promote public participation. The Vulamehlo Municipality has developed a community participation strategy as anticipated in the legislation. In terms of the relevant legislation, the municipality needs to communicate the following to the community:

- ❖ The policy making process of the municipality,
- ❖ The performance of its functions and the exercising of its powers
- ❖ Service delivery options
- ❖ The development, implementation and the review of the municipality's PMS. The community must participate in the setting of appropriate KPIs and performance targets

- ❖ The MFMA requires that the communities must know about the financial position of the municipality.

There are various ways and means to communicate to and with the public. The following are some of the ways that are suggested in the Strategy, namely, through ward committees, izimbizo, newsletters, media, annual reports etc. In order to enhance community participation, municipalities are being given support to establish community participation units with dedicated human resources to deal with participation issues on a daily basis.

The municipality has also developed a communication policy setting out internal and external communication channels.

### 2.6.3. Communication Policy

The municipality believes that channels of communication should exist between management and employees in the workplace. Furthermore sound labour relations can only result from mutual respect between an employer and its employees and such respect is formed where the employer and its employees treat each other fairly and consistently. To this effect the municipality developed the Communication Policy which was adopted by council.

#### **2.6.4. Ward committees**

The Vulamehlo municipality acknowledges the importance of ward committees and the legislative mandate that constitutes it. In this regard the municipality has developed a Ward Committee Policy which is specific to Vulamehlo.

The ward committees have been established in the municipality and are functioning; however at this stage they are not as fully efficient and effective as desired by the municipality. The Municipality has now been able to provide ward committees with administrative support to achieve the desired level of efficiency and effectiveness.

#### **2.6.5. Role of Traditional Leaders & Communities in the IDP**

The IDP Representative Forum comprised of representatives from the house of traditional leaders, civil society and service providers / Sector departments. This forum serves as a platform for public and private sector to make an input to the IDP. In this forum the traditional leaders play an imperative role especially in the Vulamehlo municipality as it is 100 % rural.

#### **2.6.6. Internal Audit Committee**

The internal audit of the municipality is performed as the Ugu District as a shared service function.

#### **2.6.7. Anti-corruption strategy**

The issue of corruption is viewed in a serious light by the municipality and this is in line with the attitude of the other tiers of government towards corruption. The municipality has secured funding to prepare an anti-corruption strategy. There are also other anti-corruption initiatives by the provincial and national departments aimed at assisting the municipalities in dealing with corruption. The municipality is also in a process of setting up a supply chain management unit as procurement is often a fertile ground for unethical conduct.

#### **2.6.8. IGR structures**

The Intergovernmental Relations Act requires the establishment of structures and mechanisms aimed at ensuring a high level of input both internally in, and from local municipalities and other stakeholders in the IDP. In striving towards the IDP as a plan for the government sector as a whole the following structures have been developed and adopted by the council;

- IDP Technical Team Committee; and
- IDP Representative Forum.

Furthermore the municipality is represented on all the Ugu District's IGR structures, namely:

- District Intergovernmental Forum;
- Municipal Managers Forum;
- Chief Financial Officers Forum;
- HR Forum;
- IDP Technical Team;

- District Planners Forum;
- Speakers Forum;

Disaster Management Forum;

- LED Forum; and
- LED Chairpersons Forum.
- 

## 2.6.9. Mainstreaming Programs for Special Groups

### 2.6.9.1. HIV and AIDS

The HIV/AIDS pandemic remains a challenge and is having a negative impact on productivity. The municipality is enjoined to conscientise its residents about the precautionary and preventative measures for HIV/AIDS. This is the background against which the municipality identified a need to develop a HIV/AIDS policy. The challenge is now on implementing this policy. There is a Dududu Community Care Centre to care for those who are affected and infected by HIV / AIDS that is funded by the Department of Social Welfare.

Furthermore the municipality has recently launched a HIV / AIDS council that will mainstream the HIV / AIDS programmes.

### 2.6.9.2. People Living with Disabilities

The municipality has developed a structure that deals specifically with the people that are living with disability. The programmes are now in place. Furthermore, there are structures that have been put in place to deal specifically with matters affecting vulnerable groups, namely women and youth council structures.

**Table: Census 2001 by municipalities, type of disability, population group and gender**

|                      | African/Black |        | Coloured |        | Indian/Asian |        | White |        |
|----------------------|---------------|--------|----------|--------|--------------|--------|-------|--------|
|                      | Male          | Female | Male     | Female | Male         | Female | Male  | Female |
| <b>None</b>          | 35437         | 42387  | 41       | 43     | 284          | 228    | 63    | 51     |
| <b>Sight</b>         | 318           | 609    | 3        | 0      | 7            | 12     | 0     | 3      |
| <b>Hearing</b>       | 272           | 421    | 0        | 0      | 0            | 0      | 0     | 0      |
| <b>Communication</b> | 104           | 128    | 0        | 3      | 0            | 5      | 0     | 0      |
| <b>Physical</b>      | 535           | 536    | 3        | 0      | 6            | 0      | 0     | 0      |
| <b>Intellectual</b>  | 177           | 188    | 0        | 0      | 0            | 0      | 0     | 0      |
| <b>Emotional</b>     | 375           | 394    | 3        | 0      | 0            | 4      | 0     | 0      |
| <b>Multiple</b>      | 163           | 234    | 0        | 0      | 4            | 3      | 0     | 0      |
|                      |               |        |          |        |              |        |       |        |

## 2.6.10. Youth Development

The analysis of the population demographics shows that the youth makes up the bulk of the population. This invariably means that the municipality has to prioritise the issues of, inter alia, skills development, job creation, sports and recreation.

**Table: Census 2001 by municipalities, age group, population group and Gender**

|              | African/Black |        | Coloured |        | Indian/Asian |        | White |        |
|--------------|---------------|--------|----------|--------|--------------|--------|-------|--------|
|              | Male          | Female | Male     | Female | Male         | Female | Male  | Female |
| <b>0 - 4</b> | 4720          | 4612   | 5        | 7      | 12           | 13     | 4     | 6      |
| <b>5-9</b>   | 5643          | 5847   | 3        | 5      | 12           | 13     | 7     | 6      |

## VULAMEHLD MUNICIPALITY INTEGRATED DEVELOPMENT PLAN 2007/2008 – 2011/2012

|         |      |      |   |   |    |    |    |   |   |     |     |   |   |   |   |   |   |
|---------|------|------|---|---|----|----|----|---|---|-----|-----|---|---|---|---|---|---|
| 10-14   | 6058 | 5999 | 5 | 4 | 16 | 14 | 3  | 4 | 79  |     |     |   |   |   |   |   |   |
| 15 - 19 | 5262 | 5371 | 7 | 7 | 29 | 27 | 0  | 3 | 80 - 84   | 142 | 341 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 - 24 | 3179 | 3718 | 3 | 6 | 33 | 21 | 0  | 0 | 85+   | 74  | 207 | 0 | 0 | 0 | 3 | 0 | 4 |
| 25 - 29 | 2460 | 3108 | 3 | 5 | 26 | 14 | 5  | 3 | The municipality in partnership with Umsobunvu and Ugu District municipality has introduced the YAC points which aims at provide young people with relevant and up to date information that can help them in making informed decisions about their livelihoods.   |     |     |   |   |   |   |   |   |
| 30 - 34 | 1712 | 2551 | 3 | 4 | 16 | 16 | 3  | 5 |   |     |     |   |   |   |   |   |   |
| 35 - 39 | 1743 | 2437 | 0 | 3 | 23 | 19 | 8  | 6 |   |     |     |   |   |   |   |   |   |
| 40 - 44 | 1445 | 2114 | 0 | 0 | 24 | 19 | 9  | 0 | <b>Nature of Programme:</b> YAC Points are walk in centres where information is disseminated to young people by the infomediaries.<br><b>There are two different types of sessions that we use namely;</b><br><b>In-house sessions:</b> Young people are attended as they walk into the centre. This can be done through one on one career counselling or group workshops. Pre-booked seminars and group presentation can be done.<br><b>Outreach sessions-</b> Outreach session's activities are aimed at ensuring that organized groups of young people that are unable to reach the centre have access to the services of the YAC Point.<br>Umsobovu Youth Fund also offers young people with; |     |     |   |   |   |   |   |   |
| 45 - 49 | 1118 | 1641 | 3 | 0 | 30 | 15 | 7  | 5 |   |     |     |   |   |   |   |   |   |
| 50 - 54 | 1140 | 1592 | 5 | 3 | 26 | 26 | 4  | 4 |   |     |     |   |   |   |   |   |   |
| 55 - 59 | 791  | 1273 | 3 | 3 | 13 | 13 | 10 | 6 | <b>SKILLS DEVELOPMENT TRAINING</b> <ul style="list-style-type: none"><li>• We deal with In-school, out of school, supplier development and Co-operatives training.</li><li>• Graduate Development Programme.</li><li>• Skills Projects (Former school to work projects)</li></ul>   |     |     |   |   |   |   |   |   |
| 60 - 64 | 699  | 1310 | 0 | 0 | 13 | 18 | 0  | 3 |   |     |     |   |   |   |   |   |   |
| 65 - 69 | 479  | 1118 | 0 | 0 | 10 | 4  | 3  | 0 |   |     |     |   |   |   |   |   |   |
| 70 - 74 | 466  | 1137 | 6 | 3 | 17 | 11 | 0  | 0 |   |     |     |   |   |   |   |   |   |
| 75 -    | 250  | 520  | 0 | 0 | 0  | 8  | 0  | 0 |   |     |     |   |   |   |   |   |   |

## **LOANS**

- We offer loans for young people who are interested in starting their own businesses.

## **BUSINESS CONSULTING SERVICES**

- We offer a voucher programme for those that are interested in starting their own businesses but do not have business plans.

## **INFORMATION PROVISION AND CAREER ADVICE**

- Young people have access to information regarding Job Opportunities, Learnerships, Business opportunities, Loans etc which assists young people in meeting their career needs.

## **2.7. Financial Viability and Financial Management**

Section 26 (h) of the Local Government: Municipal Systems Act, 32 of 2000, stipulates that a financial plan which must include a budget projection for at least the next 3 years must be included in the Integrated Development Plan (IDP).

The Vulamehlo Municipality has prepared a 5 year Financial Plan from the 2009 / 2010 – 2013 / 2014 financial years **(Section 10)**. The Vulamehlo financial plan includes an operating budget, a capital investment programme, financial strategies and programmes, various

financial management policies which are adopted by council, key financial targets, key performance indicators and budget according to the IDP priorities.

### **Purpose of the Financial Plan**

To create a medium term strategic financial framework for allocating municipal resources, through the municipal budgeting process in order to ensure the financial viability and sustainability of the municipality's investments and operations.

**Furthermore** the municipality to date has been fully capacitated to compile financial statements and budgets internally. To this end, the municipality has managed over the past few years to submit financial statements on time and to obtain unqualified audit reports.

The reduction of the Equitable Share for the municipality is of course concerning at this stage.

NB: A copy of the Financial Plan is attached as annexure A.

### **2.6.1. Service Delivery and Budget Implementation**

During the 2006/2007 financial year the municipality developed a template which combined PMS and SDBIP. However it proved difficult to track progress on projects whilst also using the same framework for PMS purposes. A conscious decision was taken to separate the two.

Since then the two has been separated and different documents. The SDBIP for 2008 / 2009 financial year is attached for reference.

### **2.6.2. Revenue management and billing system**

The municipality does not have a billing system at this stage as it is not currently generating any income.

### **2.6.3. Expenditure reports**

Expenditure reports get done monthly and are submitted to EXCO and eventually to council for scrutiny.

### **2.6.4. Debt Recovery Plan**

The municipality does not have a debt recovery plan at this stage and there is no huge debt owed to the municipality

### **2.6.5. Budget and IDP link**

All projects that are included in the budget come from the IDP. The MANCO has a responsibility of ensuring the synchronisation of the IDP and budget. However there is still room for improvement in this regard.

### **2.6.6. Supply Chain Management**

The municipality has prepared and adopted a supply chain management policy. The supply chain management team has also been set up. There are three committees that form part of the supply chain management structure, namely, bid specification, evaluation

and adjudication committees. The training of the supply chain management team has started already.

## **2.7. Special programmes**

### **2.7.1. Project Consolidate**

The Vulamehlo Municipality is one of the twenty nine Project Consolidate Municipalities in KwaZulu-Natal. In simple terms, these are the municipalities in need of major interventions in order to turn their socio-economic circumstances around. The Project Consolidate Programme has identified 8 high level focus areas, namely,

- Public empowerment, participation and community development;
- Capacity building, systems and human resource development and improved organisational culture;
- Integrated human settlement;
- Free basic services which target poor households, appropriate billing systems and a reduction in municipal debt;
- LED and Expanded Public Works programme, Municipal infrastructure;
- Anti-corruption;
- Special interventions in rural and urban development nodes; and
- Performance Monitoring and communication.

## VULAMEHLO MUNICIPALITY INTEGRATED DEVELOPMENT PLAN 2007/2008 – 2011/2012

On the basis of the strategic Analysis in the 2005/2006MPA three lead **strategies** for Vulamehlo were identified that had to be targeted on an urgent basis:

Capacity and systems to apply for, receive, administer, monitor and report on projects to manage the implementation of projects is developed to maximise the redistributive role of the municipality (focus on municipal officials).

A sustainable economic base for the Municipality is established from which an income stream can be generated – within the 2 year period of this business plan this will require that a sustainable local economic development strategy for the Municipality is developed and a business plan for implementation is in place (focus on the market and business).

Widespread poverty within the Municipality is alleviated / reduced as far as possible to consider payment for services rendered by the municipality (focus on the community).

The Vulamehlo Municipality has since secured funding for four projects from this programme, namely, Dududu Township Establishment, TLB & Grader, Cemeteries and Refuse Removal Feasibility Studies. Three of the latter projects are in the process of implementation. The close out report for the TLB & Grader project has now been submitted to the PCPMU and the municipality is now single-handedly rolling out the access roads upgrade programme.

The Dududu township proclamation project, in particular, is one of the strategies aimed at helping the municipality to create a revenue base.

The diagram below is a concept that has been done with funding from Project Consolidate:

The process is however far from over and this is just a preliminary concept.

Subsequent to the 2005/2006 MPA, new interventions and strategies have been identified and these have found expression in the 2006/2007 MPA as set out below:

- 1 Provision of administrative support to ward committees;
- 2 Support required to improve the existing PMS framework (including automating cascading same to lower levels;
- 3 Provision of financial and technical support to acquire an IT system for financial purposes to assist with billing systems, monthly reporting etc;
- 4 Hands-on support to build capacity for project management (including project management training);
- 5 Training of councillors and officials on organisational policies;
- 6 Fast tracking the provision of water (and sanitation) particularly in those areas not serviced by the water services infrastructure;
- 7 Support required to source funding for the upgrading of the Kenterton sub-station;
- 8 Finalisation of a Free Basic Services study and the adoption of a shared service model to reduce FBS backlogs
- 9 Construction of a bridge across uMkhomazi River to link those areas lying in the

|  |   |
|--|---|
| the river (uMbumbulu) with the rest of the municipality;   | common purpose for government and is aimed at identifying key areas to achieve positive spatial outcomes with government spending.                          |
| 10 Unleashing the potential of the agricultural sector by facilitating skills development of a Training Centre and Agricultural Hub for Vulamehlo emerging | The Government's national spatial vision has been crafted as follows:   |
| 11 Vigorous implementation of the LED Plan for the municipality  | "South Africa will become a nation in which investment in infrastructure and development programmes support government's growth and development objectives: |

The municipality has now applied for the following two interventions under the programme:

- Facilitation of access to water services through the sustenance of the existing drought relief programme
- Construction of proper storm water systems and the re-gravelling of access roads (where necessary)

- By focusing economic growth and employment creation in areas where most effective and sustainable
- By supporting restructuring where feasible to ensure greater competitiveness
- By fostering development on the basis of local potential
- By ensuring that development institutions are able to provide basic needs"

## 3. Development Strategies

### 3.1. Strategic Framework

#### 3.1.1. Introduction

The strategic framework is pitched at three levels, namely, National, Provincial and local levels. This approach is in line with intergovernmental planning principles which seek to enforce the notion of co-ordination and integration with a view to working towards a common national vision as set out in the NSDP.

#### 3.1.2. National Policy Context

The NSDP was launched by the Presidency in May 2003. The NSDP is an overarching national policy directive which seeks to contextualise and provide a framework for future spatial development. It provides a

The basic principles of the NSDP that underpin the latter vision are as follows:

- ❖ Economic growth is a prerequisite for the achievement of other policy objectives, key among being poverty alleviation
- ❖ Government spending on fixed investment, beyond the constitutional obligation to provide basic services to all citizens e.g. water, electricity, health and education facilities, should be focused on localities of economic growth
- ❖ Efforts to address the past and current social inequalities should focus on people and not places
- ❖ In order to overcome the spatial distortions of apartheid, future settlements and economic development opportunities should be



channelled towards the activity corridors and nodes that are adjacent to or link the main growth centres

As an instrument for policy co-ordination, the NSDP is premised on the notion of co-operative governance and healthy intergovernmental relations among the three spheres of government. The synchronisation of the IDPs to NSDP is a critical success factor for the implementation of the NSDP.

### **Application of the NSDP to Vulamehlo**

The Ugu DM and the LMs are participating in a pilot project which seeks to test the application of the NSDP at local level. This project has seen the municipalities and other stakeholders reaching consensus on the major issues facing the district and also agreeing on interventions necessary to operationalize the NSDP. This shared intergovernmental understanding on issues and priority actions has now enabled Vulamehlo to better define itself within the Ugu District family.

The Vulamehlo Municipality is one of the localities within the district that is hardest hit by high unemployment levels, poverty, negative economic growth, low tax base as well as low skills base. The municipality has to deal with these issues in the context of dispersed settlement patterns and severe services backlogs.

To further frustrate developmental efforts is a lack of credible statistical information to base assumptions and interventions. The municipality is also characterised by a strong rural component even though areas

such as Dududu are beginning to show semi-urban characteristics. The current landownership patterns are not as conducive to development and the development potential of various land parcels is yet to be mapped out and understood.

However there are areas and sectors that demonstrate potential. It is now commonly agreed that agriculture and tourism are the promising sectors within Vulamehlo. Retail and public services are also sectors that the municipality needs to facilitate densification in strategic nodal points.

## **Provincial Policy Framework**

### **3.1.2. Provincial Growth and Development Strategy**

The PGDS is a provincial policy directive, which builds on and compliments the NSDP but also add detail by taking into account provincial specific challenges and priorities. The provincial priorities are identified as:

- Sustainable governance and service delivery
- Sustainable economic development
- Integrating investment in community infrastructure
- Developing human capability
- Developing comprehensive response to HIV/AIDS
- Fighting poverty and protecting vulnerable groups in society

### **Relevance to Vulamehlo**

The municipality needs to craft its IDP and LED programmes around these cascaded national and provincial policies. This will ensure that there is common understanding of issues that need to be addressed. This in turn will go a long way in co-ordinating government efforts around eradicating underdevelopment and thus bring about prosperity in an integrated fashion.

### 3.1.3. Provincial Spatial and Economic Development Strategy

By way of introduction it is important to set out the rationale behind the crafting of the PSEDs:

The following problem statement captures the misnomer as identified by the crafters of the PSEDs:

- There is a disconnect between national, provincial and municipal planning
- Weak understanding of the geographic profile of the areas we intend to develop
- Weak impact as a result of uncoordinated interventions
- No clear end goal for each geographic area (DM) after interventions

The PSEDs provides a spatial context to the PGDS and is therefore aligned to both the MDGs and national objectives. The two main challenges facing KZN are poverty and underdevelopment based on the legacy of inequality. The PSEDs is intended as a guide to service

and to achieving the goals set in AS-GISA to halve poverty and unemployment by 2014 in order to address the above issues.

Moreover PSEDs has as its pillars the following:

- Increasing investment in the province
- Improving skills and capacity building
- Broadening participation in the economy
- Increasing competitiveness

The PSEDs aims to redress spatial disparities through curbing urban sprawl; identify priority areas for investment; ensuring alignment with municipal SDFs; guide budgeting processes of the spheres of government; and influence investment decisions of the private sector.

In order to achieve its objectives, the PSEDs has identified the following principles:

- Government has a constitutional duty to provide basic services to all people
- All areas of the province require development
- Certain areas of the province will drive economic growth
- The PSEDs attempts to indicate where different types of investment should be directed in order to achieve economic growth and development

To this end, the PSEDs has identified the following sectors as key economic drivers in KZN:

- Agriculture (including agri-processing and land reform)
- Manufacturing
- Tourism
- Services sector (including government services)

The logistics and transport sector is seen as a precursor for growth in the above four sectors. Services provision (water and energy) has also been identified as a critical underlying factor in the process of growing and developing the province.

#### 3.1.4. Municipal Strategy

The municipal strategy is based on a three tier approach to strategy development. This approach is based on the understanding that strategies operate at different levels, namely, corporate, business, and implementation strategic levels. The corporate strategy is encapsulated in the vision and mission statements as well as the values that the organisation aspires to.

The business strategy is comprised of eight overarching business strategies. The latter strategies then culminate into a number of implementation strategies aimed at assisting the municipality to realise its strategic imperatives.



#### Corporate Strategy

This is encapsulated in the vision and mission statements as follows:

#### Vision Statement

**“By 2025 Vulamehlo Municipality will be self sustaining and economically viable, with an established vibrant town”**

#### Mission Statement

- Maximising revenue through the collection of rates and service charges

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- Transforming emerging entrepreneurs to compete commercially in the value chain
- Ensuring the provision of services in an integrated manner
- Rehabilitating and constructing infrastructure for economic development
- Creating an enabling environment by providing access to health care, education and security
- Capacitating our community through skills development programmes

## SWOT Analysis

| Strengths  | opportunities   |
|--|---|
| <ul style="list-style-type: none"> <li>➤ Transparency</li> <li>➤ Financial control</li> <li>➤ Cultural heritage</li> <li>➤ Community Structures / Participation</li> <li>➤ Stakeholder Mobilisation</li> <li>➤ Agriculture &amp; Tourism</li> <li>➤ Political Stability &amp; Commitment</li> <li>➤ Vast tracts of rich land to</li> </ul> | <ul style="list-style-type: none"> <li>• Development of tourist attractions and destination</li> <li>• Agriculture &amp; Tourism</li> <li>• Job creation</li> <li>• Close proximity to markets - Durban, Port Shepstone, Scottburgh, uBuhlebezwe</li> <li>• Capacitating emerging farmers</li> <li>• Natural scenery</li> </ul> |

| <p>produce bulk organic agricultural products</p> <ul style="list-style-type: none"> <li>➤ Communication</li> <li>➤ Landscape</li> <li>➤ A hierarchy of service nodes, namely, Dududu, Kenterton, and Imfume have been identified</li> </ul>   | <ul style="list-style-type: none"> <li>• Dududu Township establishment</li> <li>• Availability of land and rivers for agricultural, sand winning purposes and water provisions</li> <li>• Formalisation of Dududu village</li> <li>• Retail opportunities and lower to middle income accommodation in some of the nodal areas</li> <li>• Development and extension of the P77 corridor - Scottburgh-Dududu-Kenterton</li> </ul> |
|--|---|
| Weaknesses   | Threats   |
| <ul style="list-style-type: none"> <li>• Poor Infrastructure</li> <li>• Lack of generation of income</li> <li>• Lack of revenue</li> <li>• Poor institutional capacity</li> <li>• Lack of provision of basic services</li> <li>• No revenue base</li> <li>• Insufficient monitoring</li> <li>• Access to public transport</li> </ul> | <ul style="list-style-type: none"> <li>• Crime</li> <li>• High unemployment rate</li> <li>• Lack of provision of basic services</li> <li>• High level of poverty</li> <li>• Lack of Safety and security</li> <li>• Natural disasters</li> <li>• HIV/Aids / Lack of disease control</li> </ul>   |

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|  |   |
|--|---|
| <p>routes</p> <ul style="list-style-type: none"> <li>• Competition with external markets, especially in agriculture and tourism</li> <li>• Access to the business service hub of Dududu because of boundaries/river</li> <li>• Poor literacy levels</li> </ul> | <ul style="list-style-type: none"> <li>• Strong rural component</li> <li>• Natural pest affecting subsistence farming (Bush Pigs &amp; Warthogs)</li> <li>• Economic leakage to neighbouring thriving centres</li> <li>• Lack of entrepreneurship; low skills base and lack of infrastructure to support LED</li> </ul> |
|--|---|

### Values

The Vulamehlo Municipality seeks to uphold and promote the values of responsiveness, transparency, accountability, innovation, consultation and service excellence.

### Business Strategy (8 Overarching strategies)

The eight overarching strategies falling under this category are captured in the bullets below. Each strategy is championed by relevant managers within various business units or departments. Detailed action plans are developed for the implementation of these core strategies.

- ❖ The latent potential of the key economic drivers within the municipal area is harnessed through the provision of the necessary infrastructure, clustering of investments to create thresholds and economies of scale, diversification and creation

of new products including marketing, promoting partnerships, expanding and identifying niche markets, capitalizing on unique strengths and qualities, attracting investments, and the gearing up of the local actors to exploit existing or resultant opportunities through education and training, skills development and the overhaul of the SMME support.

- ❖ Capacity and systems to apply for, receive, administer, monitor, and report on grant funding and to manage the implementation of projects is developed to maximise the redistributive role of the municipality (focus on municipal officials)
- ❖ A sustainable economic base for the municipality is established from which an income stream can be established.
- ❖ Widespread poverty within the municipality is alleviated or reduced thus making it possible to consider payment for services rendered by the municipality.
- ❖ The quality of life of the communities is enhanced through a full range of services, speedy, cost effective and innovative service delivery, improve accessibility and linkage, and the positioning of communities to benefit government procurement spend.

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- ❖ Communities are empowered to participate in the affairs of the municipality and are constantly updated about municipal programmes and other governance structures are fully functional and able to dispense their mandate timeously and efficiently. This includes capacity building of political bearers and officials to entrench communication.
- ❖ Environmental concerns are incorporated into the development planning process at the same level at which socio-economic and institutional issues are addressed

### 3.1.4. Implementation Strategies

These strategies are captured in the tables below and are linked to objectives. A number of projects are then identified out of the implementation strategies.

| KPA  | Issues for Consideration   | Strategic Objectives                                       | Development Goals  |
|--|--|--|--|
| <b>Basic Service Delivery and Infrastructure Development</b> | <ul style="list-style-type: none"><li>• A holistic plan for the provision of</li></ul> | 1. Provision of 100 Households with access to electricity. | To coordinate the provision of electricity, water and sanitation |

**VULAMEHLO MUNICIPALITY INTEGRATED DEVELOPMENT PLAN 2007/2008 – 2011/2012**

|  |   |  |  |
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|  | <p>infrastructure to reflect how backlogs will be eradicated, taking into account District and Provincial support as well as what the municipality will allocate internally such as the provision of free basic services, must be developed.</p> <ul style="list-style-type: none"> <li>• Speed up Service Delivery.</li> </ul> | <ol style="list-style-type: none"> <li>2. Provision of 100 Households with access to sanitation.</li> <li>3. Provision of 100 Households with access to water.</li> </ol>  | <p>to the community.</p>   |
|  |   | <ol style="list-style-type: none"> <li>1. Provide 6 Kilometers of gravel roads established.</li> <li>2. Provide 500 Kilometers of gravel roads established.</li> <li>3. Provide new facilities</li> <li>4. Upgraded 2 facilities.</li> <li>5. Construct 500 new houses.</li> </ol> | <p>To ensure equitable service delivery in all wards.</p>  |
|  | <ul style="list-style-type: none"> <li>• Provision and promotion of education and awareness campaigns on the importance of Waste Management.</li> <li>• Encourage waste recycling.</li> </ul>   | <ol style="list-style-type: none"> <li>1. Sand Mining</li> <li>2. Ensure adherence to waste disposal bylaws and policies.</li> </ol>   | <p>To ensure optimal use and harnessing of environmental resources</p>   |
| <p><b>Municipal Institutional Development &amp; Transformation</b></p> | <ul style="list-style-type: none"> <li>• The retention of skilled staff remains a major challenge due to budget constraint and the competition in the job market.</li> </ul>  | <ol style="list-style-type: none"> <li>1. Review and implementation of the organizational structure and associated Institutional Plan.</li> <li>2. Prepare a clear and effective recruitment and retention strategy.</li> <li>3. Implement the workplace skills plan.</li> </ol>   | <p>Provide effective Support Services to enable the municipality to deliver in line with the relevant legislation.</p> |

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|--|---|--|--|
|  |   | <ol style="list-style-type: none"> <li>1. Improve registry</li> <li>2. Fleet Management</li> <li>3. Telephone, Stationery, Cleaning and Hospitality Services Control.</li> </ol>   | To provide effective Auxiliary Services to the municipality. |
|  | <ul style="list-style-type: none"> <li>• The municipality will have to employ a dedicated person to address special groups as the municipality is already having capacity constraints.</li> </ul>   | <ol style="list-style-type: none"> <li>1. Review and amend the Organogram.</li> <li>2. Address the Special Groups (Women, Youth &amp; Disabled staff employed by the municipality).</li> <li>3. Conduct Surveys as per Batho Pele Principles.</li> </ol> | Human Resource Management & Batho Pele Principles            |
|  | <ul style="list-style-type: none"> <li>• The municipality has a Performance Management System (PMS), however the implementation remains a challenge. In terms of the Municipal System Act (MSA) IDP review must be in accordance with the assessment of your performance measurements in terms of Section 41 of the MSA.</li> </ul> | <ol style="list-style-type: none"> <li>1. Review &amp; Adopt the Organizational Performance Management System.</li> <li>2. S57 Performance Agreements and align them with the SDBIP.</li> <li>3. Prepare an Annual Performance Report.</li> </ol>        | Performance Management Systems                               |
|  | <ul style="list-style-type: none"> <li>• Environmental issues need to be incorporated into the IDP. A Strategic Environment Assessment (SEA) and Environmental</li> </ul>   | <ol style="list-style-type: none"> <li>1. Review the Integrated Development Plan.</li> <li>2. Review and update Spatial Development Framework, Disaster Management Plan &amp; Environmental Management Plan.</li> </ol>                                  | Integrated Development Plan                                  |



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|  | <p>Management Plan (EMP) should be aligned to the Spatial Development Framework and Land Use Management System (LUMS). Further, the capital investment plan must be reflected spatially and fully integrated into the IDP and SDF.</p>  | <p>3. Develop a Land Use Management System</p>  |  |
| <p><b>Local Economic Development</b></p> | <ul style="list-style-type: none"> <li>The institutional structures for LED need to be capacitated and the municipal officials responsible for LED need to capacitated and the municipal officials responsible for LED need to set clear annual targets as part of their work plans in order to ensure that LED is being implemented in accordance with IDP targets.</li> </ul> | <p>1. Food Security Programmes.<br/>2. Assist Emerging Farmers.<br/>3. Land Reform post-settlement support.<br/>4. Commercialization of Community Gardens.<br/>5. Facilitate partnerships between emerging and established farmers.</p>                                   | <p>To ensure the development of the agricultural sector.</p> |
|  |   | <p>1. Monitor and support settlement of Land claims.<br/>2. Continuous engagement of Amakhosi in relation to Land development matters.<br/>3. Accelerate speed of obtaining Permission To Occupy (PTO).<br/>4. Unlock bottle-necks for Dududu Township establishment.</p> | <p>To facilitate access to land.</p>                         |
|  |   | <p>1. Package Anchor Tourism Projects.<br/>2. Ensure implementation of Tourism</p>  | <p>To promote tourism development.</p>                       |

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|   |  |   |  |
|---|--|---|--|
|   |  | <p>Development projects in Vulamehlo by UGU South Coast Tourism.</p> <p>3. Promote Tourism Awareness</p>  |  |
|   |  | <p>1. Implement Vulamehlo Trade Centre feasibility study recommendations.</p> <p>2. Provide business support development assistance to Co-ops and SMME's.</p> <p>3. Craft development.</p> <p>4. Facilitate business opportunities for SMME's and Co-ops from Public Sector</p> | Stimulate the second economy.  |
|   |  | <p>1. Implement LED Turn Around strategy recommendations.</p> <p>2. Mainstreaming of EPWP principles during the implementation of infrastructure projects.</p> <p>3. Sand mining.</p> <p>4. Working for Water projects.</p>   | To ensure the creation of economic growth or job opportunities.                      |
| <b>Municipal Financial Viability and Financial Management</b> | <ul style="list-style-type: none"> <li>A Financial Plan has been formulated with strategies for revenue raising, debt collection and investment and cash management amongst others. These strategies need to be implemented in order to ensure sustainable financial viability and to</li> </ul> | <p>1. Revision of financial policies and procedures in place.</p> <p>2. Collection of municipal property rates.</p> <p>3. Development of an asset management plan and policy.</p> <p>4. Conduct IDP/Budget consultation public</p>  | To ensure the development of the municipality into a financially viable institution. |

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|   |   |  |   |
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|   | generate income which could be used to fund projects which are much needed by the community. The Financial Plan will be used as tool for IDP implementation.  | meetings per ward.<br><br>5. Development of an Effective and Economical Treasury.  |   |
|   |   | 1. Unqualified Audit report.   | Ensure effective financial management systems in achievement of an unqualified audit report.        |
| <b>Good Governance and Public Participation</b> | <ul style="list-style-type: none"> <li>Considerable effort is required in this key performance area as it only had a score of 1 /5 in the previous IDP assessment. The implementation of the Communication Strategy requires an immediate review and implementation thereof.</li> </ul> | 1. Roadshows and Imbizo's.<br>2. Public meetings, Stakeholder meetings & WARD Committee Meetings.<br>3. Development of the Newsletter in both IsiZulu and English. | To ensure good governance and enhancement of Community Participation.                               |
|   |   | 1. Develop Operation and Maintenance Policy.   | To ensure access and management of Community Facilities   |
|   |   | 1. Development of a Safety Plan.<br>2. Establishment of Community Policing Forum.  | To ensure the development of a safety and security network that improves public access to policing. |

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|  |  |   |  |
|--|--|---|--|
|  |  | 1. Develop HIV/AIDS strategy and mainstream HIV / AIDS programmes & conduct workshop for people living with HIV / AIDS  | To ensure quality healthcare services for all communities.                   |
|  |  | 1. Identify existing sporting codes and existing facilities within the municipality.<br><br>2. Promote participation in new Sporting Codes and Diversify Recreational Facilities. | To ensure access to a variety of Sporting Codes and Recreational Activities. |

## 4. High Level Spatial Development Framework

The municipality completed its spatial development framework in 2007 and was adopted by Council; the full SDF report is attached. The Spatial Development Framework (SDF) generally serves two major functions, that is, indicating where development should be promoted and also where it should be discouraged. It seeks to set a location criterion thus channelling private and public sector investment towards the desired areas.

## 5. Sector Involvement and Support

The following information must be provided for each stakeholder.

| <b>Name of Stakeholder: Ugu District</b> |                            |                                       |
|--|----------------------------|---------------------------------------|
| <b>Responsibilities</b>                  | <b>3-5 year Programmes</b> | <b>KPA supported by the Programme</b> |
|  |                            |                                       |

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|                                 |  |  |
|---------------------------------|--|--|
| Water & Sanitation              | Water  | Service Delivery & Infrastructure Development        |
|                                 | Sanitation   |  |
| Internal Audit (Shared Service) | Completion of Internal Audit assignments per the approved three year rolling plan. | Municipal Institutional Development & Transformation |

| <b>Name of Stakeholder: Department of Economic Development &amp; Tourism</b> |                            |                                       |
|--|----------------------------|---------------------------------------|
| <b>Responsibilities</b>  | <b>3-5 year Programmes</b> | <b>KPA supported by the Programme</b> |
| Capacity building  |                            | LED                                   |
| Enterprise development   |                            |                                       |
| Sector development   |                            |                                       |
| Infrastructure investment  |                            |                                       |

| <b>Name of Stakeholder: Department of Health</b> |   |  |
|--|---|--|
| <b>Responsibilities</b>                          | <b>3-5 year Programmes</b>  | <b>KPA supported by the Programme</b>    |
| Strengthening the treatment of TB                | Implementation of the presidents declaration on the CCMT programme  | Good Governance and Public Participation |
| HIV& Aids  | People are encouraged to know their status through health education – district is undertaking national hct campaign |  |

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|   |   |  |
|---|---|--|
| Range of non-communicable diseases, injuries and trauma | Health education on preventable and modifiable risk factors such as obesity, physical inactivity, unhealthy diet inappropriate use of tobacco and alcohol   |  |
| Reduce diarrhoea and pneumonia                          | <ul style="list-style-type: none"> <li>Promotion of healthy lifestyle, proper hand washing and exclusive breast feeding and knowledge of preparing oral rehydration</li> <li>Health education regarding care of children with flu like symptoms</li> </ul>                              |  |
| Improve healthy life                                    | <ul style="list-style-type: none"> <li>Strengthen health education on the 5 components of health lifestyle being smoking, physical activity, nutrition, safe sex, alcohol abuse</li> <li>Teenage pregnancy project – joint effort by DOE, Social, DOH, Hibiscus municipality</li> </ul> |  |

| <b>Name of Stakeholder: Department of Education</b> |                            |                                       |
|---|----------------------------|---------------------------------------|
| <b>Responsibilities</b>                             | <b>3-5 year Programmes</b> | <b>KPA supported by the Programme</b> |
|   |                            |                                       |
|   |                            |                                       |
|   |                            |                                       |
|   |                            |                                       |

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| <b>Name of Stakeholder: Department of Transport</b> |  |   |
|---|--|---|
| <b>Responsibilities</b>                             | <b>3-5 year Programmes</b>   | <b>KPA supported by the Programme</b>         |
| Safety Maintenance                                  | <ul style="list-style-type: none"> <li>• Guardrail Repairs (Contract 1 &amp; Contract 2);</li> <li>• Roadmarking and studs;</li> <li>• Blacktop Patching and rut repair;</li> <li>• Maintenance of regulatory/warning signs</li> </ul> | Service Delivery & Infrastructure Development |
| Local Roads   | <ul style="list-style-type: none"> <li>• New gravel roads;</li> <li>• Causeway Construction</li> </ul>   |   |
| Routine Maintenance                                 | <ul style="list-style-type: none"> <li>• Drain cleaning and verge maintenance;</li> <li>• Patch gravelling;</li> <li>• Maintenance of information/guidance signs</li> </ul>  |   |
| Preventative Maintenance                            | <ul style="list-style-type: none"> <li>• Betterment &amp; Regravelling</li> </ul>  |   |
| Road Safety   | <ul style="list-style-type: none"> <li>• Road Safety</li> </ul>  |   |

| <b>Name of Stakeholder: Department Social Development</b> |                            |   |
|---|----------------------------|---|
| <b>Responsibilities</b>                                   | <b>3-5 year Programmes</b> | <b>KPA supported by the Programme</b>     |
| Child Care & Protection Services                          |                            | Social Development & Economic Development |
| Care & Services to Older Citizens                         |                            |   |
| HIV / AIDS  |                            |   |
| People Living with Disabilities                           |                            |   |

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|   |  |                 |
|---|--|-----------------|
| Sustainable Livelihoods                           |  |                 |
| Institutional Capacity Building & NPO Development |  | Good Governance |
| Youth Development                                 |  |                 |
| Restorative Services                              |  |                 |

| <b>Name of Stakeholder: Eskom</b> |                            |                                       |
|-----------------------------------|----------------------------|---------------------------------------|
| <b>Responsibilities</b>           | <b>3-5 year Programmes</b> | <b>KPA supported by the Programme</b> |
|                                   |                            |                                       |
|                                   |                            |                                       |
|                                   |                            |                                       |
|                                   |                            |                                       |

| <b>Name of Stakeholder: Human Settlement</b> |  |   |
|--|--|---|
| <b>Responsibilities</b>                      | <b>3-5 year Programmes</b>                         | <b>KPA supported by the Programme</b>         |
| Provision of Housing                         | Vulindlela Rural Housing                           | Service Delivery & Infrastructure Development |
|  | Dududu Ward 6 Housing Project                      |   |
|  | Ward 8 Housing Project (Mandleni/ Nyuswa/Ukuthula) |   |
|  | Isimahla Rural Housing Project                     |   |



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|  |                                    |  |
|--|------------------------------------|--|
|  | Thoyane Rural Housing (Ward 2 & 3) |  |
|  | Umdumezulu Rural Housing Project   |  |
|  | Mkhunya Ward 5 Housing Project     |  |

| Name of Stakeholder: Agriculture   |  |   |
|--|--|---|
| Responsibilities   | 3-5 year Programmes                        | KPA supported by the Programme            |
| Food Security  | Starter & Flagship Programme               | Social Development & Economic Development |
| Provision of Extension support and advisory services                                     | Extension Programme for old & new projects |   |
| Agricultural Development Services  | Massification Programme (Crops)            |   |
| Sustainable Resource Management  | Land Care Programme                        |   |
| DAEA&RD  |  |   |
| Climate change mitigation and adaptation   | Environmental Impact Management            | Spatial & Environmental                   |
|  | Education and Awareness                    |   |
|  | Greening                                   |   |
|  | Coastal Management                         |   |
| To reduce negative environmental impact and promote sustainable use of natural resources | Environmental Impact Assessments           |   |
|  | Compliance, Monitoring and Enforcement     |   |
|  | Education and awareness                    |   |
|  | Sector planning                            |   |
|  | Spatial planning                           |   |
| To ensure effective waste management   | Sector planning                            |   |

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|  |                                 |  |
|--|---------------------------------|--|
|  | Education and awareness         |  |
|  | Environmental Impact management |  |
|  | Law enforcement                 |  |
|  | Education and awareness         |  |

| <b>Name of Stakeholder: SASA</b>                |   |   |
|---|---|---|
| <b>Responsibilities</b>                         | <b>3-5 year Programmes</b>  | <b>KPA supported by the Programme</b>     |
| Social Sector Flagship Programmes               | Excellent service delivery and assisting the poorest of the poor.   | Good Governance & Community Participation |
|   | Municipality to be hands on at all times and also assisting when it due and necessary.  |   |
| Outreach Projects                               | Taking services to the people   |   |
|   | Visit communities and meet with them in halls to allow people to launch social grant applications and extend to solve problems concerning to social grants. |   |
| Linking Beneficiaries To Sustainable Livelihood | Encouraging beneficiaries to supplement their income (Social Grant).  |   |

## 6. Implementation Plan

This section deals with the municipality's IDP Three Year Implementation Plan with committed Human and Financial

Resources to be undertaken by the various stakeholders.

| Stakeholder                    | 3-5 year Programmes   | Budget                             | Timing                  |
|--------------------------------|---|------------------------------------|-------------------------|
| Ugu District Municipality      | Water   | 162 574 000.00                     | 2010/2011 – 2012/2013   |
|                                | Sanitation  | 20 600 000.00                      |                         |
| Department of Transport        | Safety Maintenance  | R 12 846 000. 00                   | 2010/2011 – 2012/2013   |
|                                | Local Roads   | R 18 499 998. 00                   |                         |
|                                | Routine Maintenance   | R 20 612 310. 00                   |                         |
|                                | Preventative Maintenance                                    | R 30 000 000. 00                   |                         |
| Department of Human Settlement | Vulindlela Rural Housing                                    | R 1 269 000. 00                    | 2005/07/12 - 2012/03/31 |
|                                | Dududu Ward 5 Housing Project                               | R 92 570 745. 00                   | 2004/10/12 - 2011/03/31 |
|                                | Dududu Ward 8 Housing Project (Mandleni/ Mavundla/Ukuthula) | R 31 035 990. 00                   | 2010/03/01 - 2013/03/31 |
|                                | Thoyane Rural Housing (Ward 2 & 3)                          | R 31 035 990. 00                   | 2010/03/01 - 2013/03/31 |
| DAEA&RD and Flemish Government | Empowerment for Food Security                               | R 93 060 026. 69 (National Budget) | 2007 - 2011             |
| Vulamehlo Municipality         | Khakhama To Ntontonto Road                                  | R 4 895 927. 62                    | 2009/ 2010 – 2010/2011  |
|                                | Fakazi Sportfields  | R 4 000 000. 00                    | 2010/ 2011 – 2011/2012  |
|                                | Mkhunya Road  | R 16 347 000                       | 2010/ 2011 – 2011/2012  |

## 7. Projects

### 7.1. Sector Funded Annual Projects

The following table indicates the sector funded projects to be undertaken within the Municipality:

| No. | Name Of Project                  | Beneficiaries / Ward | Source Of Funding         | Implementing Agency   | Budget        | Timeframe |
|-----|----------------------------------|----------------------|---------------------------|---|---------------|-----------|
| 1   | Lembe-Dumisa bean project        | 5 & 9                | Dept. of Agriculture      | Dept. of Agriculture (Local Office)   | R 151 032. 00 | 6 Months  |
| 2   | Mfume                            | 2                    | Dept. of Agriculture      | Dept. of Agriculture (Local Office); Soil Preparation & Planting Done by contractor | R 151 032. 00 | 6 Months  |
| 3   | Ikhwezi Land Care (Continuation) | 3                    | Dept. of Agriculture      | Beneficiaries   | R 362 200. 00 | 1 Year    |
| 4   | Sakhubunye Livestock             | 5                    | Dept. of Agriculture      | Beneficiaries   | R 763 000. 00 | 1 Year    |
| 5   | Cedars                           | 4                    | Dept. of Agriculture      | Illovo  | R 790 000. 00 | 1 Year    |
| 6   | Kylassa                          | 8                    | Dept. of Agriculture      | Illovo  | R 200 000. 00 | 1 Year    |
| 7   | Thoyane Water                    |                      | Ugu District Municipality | Ugu District Municipality   | 3000000       | 1 Year    |
| 8   | Isimahla                         |                      | Ugu District Municipality | Ugu District Municipality   | 3 000 000. 00 | 1 Year    |
| 9   | KwaLembe Regional Bulk           |                      | Ugu District Municipality | Ugu District Municipality   |               | 1 Year    |

|           |  |   |                           |                           |                |         |
|-----------|--|---|---------------------------|---------------------------|----------------|---------|
| <b>10</b> | Vulamehlo to Braemar Bulk              |   | Ugu District Municipality | Ugu District Municipality |                | 1 Year  |
| <b>11</b> | Vulamehlo Regional KwaLembe            |   | Ugu District Municipality | Ugu District Municipality | 10 000 000. 00 | 1 Year  |
| <b>12</b> | Vulamehlo Regional Umzinto Bulk        |   | Ugu District Municipality | Ugu District Municipality | 5 000 000. 00  | 1 Year  |
| <b>13</b> | Maphumulo water                        |   | Ugu District Municipality | Ugu District Municipality | 5 000 000. 00  | 1 Year  |
| <b>14</b> | Vulamehlo Water Bulk - Mtwalume source |   | Ugu District Municipality | Ugu District Municipality | 3 000 000. 00  | 1 Year  |
| <b>15</b> | Household Sanitation VIP's             |   | Ugu District Municipality | Ugu District Municipality | 6 800 000. 00  | 1 Year  |
| <b>16</b> | Enjabulisweni Community Garden         | 3 | DAEA                      | Zakhe Trading             | 23 439. 52     | 3 Years |
| <b>17</b> | Umzililo                               | 5 | DAEA                      | Zakhe Trading             |                | 3 Years |
| <b>18</b> | Inkwali Community Gardern              | 2 | DAEA                      | Zakhe Trading             | 132 590.52     | 3 Years |
| <b>19</b> | Sizanani Community Project             | 5 | United Churches           | Zakhe Trading             | 23 439. 52     | 3 Years |
| <b>20</b> | Zakheni (Fakazi Area)                  |   | DAEA                      | Zakhe Trading             | 43 276. 64     | 3 Years |
| <b>21</b> | Engwenyeni Community Garden            | 3 | DAEA                      | Zakhe Trading             | 111 894. 40    | 3 Years |
| <b>22</b> | Zakheni Bambo                          | 4 | DAEA                      | Zakhe Trading             | 66 637. 26     | 3 Years |
| <b>23</b> | Masisizane                             | 6 | DAEA                      | Zakhe Trading             | 23 439.52      | 3 Years |

|           |                          |   |                              |                        |                |         |
|-----------|--------------------------|---|------------------------------|------------------------|----------------|---------|
| <b>24</b> | Sakhisizwe Womens Coop   | 8 | Vulamehlo Municipality       | Zakhe Trading          | 141 707. 70    | 3 Years |
| <b>25</b> | Safety Maintenance       |   | DOT                          | DOT                    | 4 282 000. 00  | 1 Year  |
| <b>26</b> | Local Roads              |   | DOT                          | DOT                    | 6 166 666. 00  | 1 Year  |
| <b>27</b> | Routine Maintenance      |   | DOT                          | DOT                    | 6 870 770. 00  | 1 Year  |
| <b>28</b> | Preventative Maintenance |   | DOT                          | DOT                    | 10 000 000. 00 | 1 Year  |
| <b>29</b> | KHAKHAMA TO NTONTONTO    | 7 | Vulamehlo Municipality (MIG) | Vulamehlo Municipality | 3 290 039. 20  | 1 Year  |
| <b>30</b> | ST THERESA ROAD          | 1 | Vulamehlo Municipality (MIG) | Vulamehlo Municipality | 2 000 000. 00  | 1 Year  |
| <b>31</b> | FAKAZI SPORTFIELDS       | 2 | Vulamehlo Municipality (MIG) | Vulamehlo Municipality | 3 402 610.80   | 1 Year  |
| <b>32</b> | A875 ROAD                |   | Vulamehlo Municipality (MIG) | Vulamehlo Municipality | 1 992 000. 00  | 1 Year  |
| <b>33</b> | MKHUNYA ROAD             | 5 | Vulamehlo Municipality (MIG) | Vulamehlo Municipality | 11 247 000. 00 | 1 Year  |

## 7.2 Identified Development Needs

| Ward | Project | Project Type | Area | Priorit<br>y<br>Numb<br>er |
|------|---------|--------------|------|----------------------------|
|      |         |              |      |                            |

|    |   |  |                         |  |
|----|---|--|-------------------------|--|
| 1  | Fencing of community Garden                                   | Fencing  |                         |  |
| 1  | St Teresa Hall  | Community Hall   | St Teresa               |  |
| 1  | Clinic  | Clinic   | Umdumezulu              |  |
| 1  | Water Pipes   | Service Delivery: Water                                |                         |  |
| 1  | Electrification of the Ward                                   | Service Delivery: Electricity                          |                         |  |
| 1  | Regravelling of Access Roads                                  | Service Delivery: Roads                                |                         |  |
| 1  | P740 Black Topping  | Service Delivery: Roads (Black Topping)                |                         |  |
| 02 | Skills center and Public Library                              | Social Development                                     |                         |  |
| 02 | Building of New School  | Infrastructure Development                             | Fakazi Area Mahlathaini |  |
| 02 | Institutionalization of a Support Group                       | Home Base Care   |                         |  |
| 02 | Mgendwa to Ilovo township access road                         | Infrastructure Development (Access Road)               | Mgendwa to Ilovo        |  |
| 02 | Mashiwase sportfield rehabilitation                           | Infrastructure Development (Sportfield Rehabilitation) | Mashiwase               |  |
| 02 | Construction of a new bridge from inkwale to fakazi, at Ilovo | Infrastructure Development (Bridge Construction)       | Ilovo                   |  |
| 02 | Cultural Village Museum                                       | Tourism  | Lower Ilovo             |  |
| 03 | Jabulani Community Garden                                     | LED ( Community Gardens & home gardens)                |                         |  |
| 03 | Mgenyeni  |  |                         |  |
| 03 | Senzakahle  |  |                         |  |
| 03 | Umkomaass   |  |                         |  |

|    |                          |                    |             |  |
|----|--------------------------|--------------------|-------------|--|
| 03 | Wozanazo                 |                    |             |  |
| 03 | Mnganiwami               | Crèches            |             |  |
| 03 | Emalebukeni Crèche       |                    | Emalebukeni |  |
| 03 | Emaziba Crèche           |                    | Emaziba     |  |
| 03 | Ewubwini                 | Community Halls    | Ewubwini    |  |
| 03 | Nomafu                   |                    |             |  |
| 03 | Madundubala Hall         |                    |             |  |
| 03 | Ewubwini Skills centre   | Skills Centres     | Ewubwini    |  |
| 03 | Thenjane                 |                    | Thenjane    |  |
| 03 | Inkangala Skills Centre  |                    | Nkangala    |  |
| 03 | Syabanakekela            | Catering           |             |  |
| 03 | Vukasisebenze            |                    |             |  |
| 03 | Ithenjane Co-op          | Poultry            | Thenjane    |  |
| 03 | Siyathuthuka             | Blocks making      |             |  |
| 03 | Thenjane                 | Clinic             | Thenjane    |  |
| 03 | Isimahla Drop Inn Centre | Drop Inn centre    |             |  |
| 03 | Emgangeni Hospice        | Hospice            | Emgangeni   |  |
| 03 | Emalebukeni Hospice      |                    | Emalebukeni |  |
| 03 | Engangeni Grazing Veld   | Grazing Veld       | Engangeni   |  |
| 03 | Hluhluwe grazing veld    |                    | Hluhluwe    |  |
| 03 | Pension Shelters         | Social Development |             |  |
| 03 | Wozanazo                 | Salon              |             |  |
| 03 | Zamini                   |                    |             |  |
| 03 | Thenjane Police station  | Police Station     | Thenjane    |  |



|    |   |  |                         |  |
|----|---|--|-------------------------|--|
| 03 | Shafushafu  | Tourism Centre                             |                         |  |
| 03 | Ewubwini Sportfield                                   | Sportfield                                 | Ewubwini                |  |
| 03 | Emgangezi MPCC  | MPCC                                       | Emgangezi               |  |
| 04 | kwaMlaba crèche                                       | Fencing                                    |                         |  |
| 04 | Repair of KwaQiko crèche                              | Crèche repair                              | KwaQiko                 |  |
| 04 | Fencing of community garden next to municipal offices | Community Garden Fencing                   | Dududu                  |  |
| 04 | kwaDlangezwa garden                                   | Fencing                                    | kwaDlangezwa            |  |
| 04 | Mjunundwini Community hall                            | Fencing                                    | Mjunundwini             |  |
| 04 | kwaNdaya Garden                                       | Fencing                                    | kwaNdaya                |  |
| 04 | Access road from kwaDlangezwa to Lwasini              | Infrastructure Development (Access Road)   | kwaDlangezwa to Lwasini |  |
| 04 | Re- graveling of Mganwini Road                        | Re- graveling of Road                      | Mganwini                |  |
| 05 | Electricity   | Infrastructure Development                 |                         |  |
| 05 | Community Halls                                       | Infrastructure Development                 |                         |  |
| 05 | Toilets   | Infrastructure Development                 |                         |  |
| 05 | Roads   | Infrastructure Development                 |                         |  |
| 05 | Housing   | Infrastructure Development                 |                         |  |
| 05 | Grounds   | Infrastructure Development                 |                         |  |
| 05 | Water   | Infrastructure Development                 |                         |  |
| 05 | Community Gardens                                     | LED  |                         |  |
| 05 | Crèche  | Social Development                         |                         |  |
| 05 | Schools   | Infrastructure Development                 |                         |  |
| 05 | Brooder House   | Building of a Brooder House                |                         |  |
| 05 | Peanut Butter Ware House                              | LED (Assist in reviving the project & with |                         |  |

|    |  |   |  |  |
|----|--|---|--|--|
|    |  | resources)  |  |  |
| 06 | Library / Resource centre                          | Building of Social Facilities                     |  |  |
| 06 | Sport Complex                                      | Infrastructure Development (Sport Complex)        |  |  |
| 06 | Nkampula Housing project                           | Infrastructure Development (Housing)              |  |  |
| 06 | Asizame Bakery Building                            | Extension of Bakery Building                      |  |  |
| 06 | Nhlayenza crèche building                          |   |  |  |
| 06 | Quality Drainage System and piping in access roads | Infrastructure Development (Access Roads Upgrade) |  |  |
| 06 | Cattle Camp  | Construction Cattle Compound                      |  |  |
| 06 | Fencing of Community Gardens                       | Fencing   |  |  |
| 06 | Water tanks  | Installation of Water Tanks                       |  |  |
| 06 | Electricity  | Infrastructure Development                        |  |  |
| 06 | Farming tractor                                    | Purchasing of a Tractor                           |  |  |
| 06 | Ward 6 hall  | Community Hall                                    |  |  |
| 06 | Pipe water extension                               | Water   |  |  |
| 06 | Pension point chairs                               | Pension point chairs                              |  |  |
| 06 | Wheel chairs                                       | Wheel chairs                                      |  |  |
| 06 | Planks for handwork                                |   |  |  |
| 06 | Toilet Paper Making Project                        | LED   |  |  |
| 06 | Beads  |   |  |  |
| 07 | Water & Electricity                                | Infrastructure Development & Service Delivery     | Khakhama<br>Mahlabathini<br>Ndunduma<br>Sanqula<br>Bhewula |  |

|    |                               |   |   |  |
|----|-------------------------------|---|---|--|
|    |                               |   | Ophondweni<br>Mbungulu<br>Ntontonto<br>Mgcazi<br>Shukumisa<br>Mceleni |  |
| 07 | Thokozanathi Community Garden | Community Garden                                      | Ndunduma  |  |
| 07 | Mlotshiwa Community Garden    |   | Ophondweni  |  |
| 07 | Gotshwayo Community Garden    |   |   |  |
| 07 | Mngcazi Community Garden      |   | Mgcazi  |  |
| 07 | Sportfields                   | Construction of Sportfields                           | Ndunduma<br>Ntontonto<br>Sanqula<br>Shukumisa                         |  |
| 07 | Deeping Tanks                 | Construction & Repairs of Deeping Tanks               | Bhewula<br>Mceleni  |  |
| 07 | Community Halls               | Construction & Repairs Of Community Halls             | Sanqula<br>Bhewula<br>Mbungulu  |  |
| 07 | Mobile Clinic                 | Infrastructure Development & Service Delivery         | Bhewula   |  |
| 07 | Swimming Pool                 | Swimming Pool   |   |  |
| 07 | Post Box                      | Post Box  |   |  |
| 07 | Ophondweni Sewing Equipment   | LED (Assist in the acquiring of sewing equipment)     | Ophondweni  |  |
| 07 | Mphambanyoni Bridge           | Infrastructure Development (Construction of a Bridge) |   |  |

|    |   |                                   |                                |  |
|----|---|-----------------------------------|--------------------------------|--|
| 07 | New Schools                                 | Building of New Schools           | Mbungulu<br>Mgcazi             |  |
| 07 | Crèches                                     | Building & Support of Crèches     | Mgcazi<br>Ophondweni           |  |
| 07 | MPCC  | Construction of a MPCC            | Mceleni                        |  |
| 07 | Shopping Centre                             | Construction of a Shopping Centre |                                |  |
| 08 | Sewing machines, scisors and cotton threads | LED                               |                                |  |
| 08 | Community Gardens                           | Seedlings and fencing             |                                |  |
| 08 | Poulrty houses                              | Construction of Poulrty houses    |                                |  |
| 08 | Arts & Craft                                | LED (Provision of Metirial)       |                                |  |
| 08 | Warehouse                                   | Construction of a Warehouse       |                                |  |
| 09 | Clinic                                      | Construction of a Clinic          |                                |  |
| 09 | Hall Electrification                        | Hall Electrification              |                                |  |
| 09 | Mbulula Sportfield                          | Electrification                   |                                |  |
| 09 | Water Scheme                                | Water                             | Imvrouge and St Odillo         |  |
| 09 | Pipe Lines Extension                        |                                   | Dumisa Mathawuzela<br>Mayfield |  |
| 09 | Community Gardens                           | Seed supply and Fencing           |                                |  |
| 09 | Youth Club                                  | Catering Equipment                | Dumisa                         |  |
| 09 | Musical Instrument (Pa System)              | Musical Instrument                |                                |  |
| 09 | Sewing Machines                             | Provide Sewing Machines           |                                |  |

## 8.

## 9. Financial Plan & SDBIP

### 9.1. FIVE YEAR FINANCIAL PLAN : 2009/10 – 2013/14

#### INTRODUCTION

This plan is prepared in terms of Section 26 (h) of the Local Government : Municipal Systems Act, as amended, which stipulates that a financial plan must be prepared as part of the Integrated Development Plan (IDP).

The five year financial plan includes an Operating Budget, a Capital Investment Programme, and the Sources of Funding for the Capital Investment Programme, financial strategies and programmes, various financial management policies adopted by Council, key financial targets, key performance indicators, and a budget according to the IDP priorities.

#### PURPOSE

To create a medium term strategic financial framework for allocating municipal resources, through the municipal budgeting process in order to ensure the financial viability and sustainability of the municipality's investments and operations.

#### RESPONSIBILITY

The Finance Department collects revenues due to the municipality and pays all amounts due for payrolls and outside vendors. The Finance Department also manages the investment of municipal funds and municipal borrowings, if any.

The Finance Department is therefore charged with the responsibility of compiling the financial plan in close consultation with the Municipal Manager, Heads of Departments, IDP Representative Forum, and Council or the Mayor.

A Finance Portfolio Committee assisted by competent financial planners (Treasurers) should assist in the formulation of alternative financial strategies to be presented to the IDP Representative Forum under the leadership of the "Councillor Responsible for Financial Matters".

It is important to note that the priority issue from a financial perspective is the viability and sustainability of the municipality. This goal can best be achieved through effective and efficient financial management. The plans and the strategies that have been formulated were prepared with this in mind.

Maintaining a healthy financial base that fully supports municipal services according to Mayoral priorities requires constant vigilance. This work is reflected in restructuring and reshaping municipal services, implementing new financial management systems, securing sound recurring revenues, and making responsible spending adjustments in light of revenue growth limitations in order to achieve a balanced budget.

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets.

The municipal fiscal environment is influenced by a variety of macro-economic control measures. National Treasury determines the ceiling of year-on-year increases in the total Operating Budget. Various government departments also affect municipal service delivery through the level of grants and subsidies.

### **CAPITAL AND OPERATING BUDGET ESTIMATES**

The financial plan includes an Operating Budget (Table 1), the Capital Investment Programme per GFS Classification (Table 2), the Capital Investment Programme per Department (Table 3), and the Capital Investment Programme per Funding Source (Table 4) for the five years ending 30 June 2014. The information contained in these tables is based on information available at the time of drafting this document and these estimates could therefore possibly change in the future.

As reflected in the Table 1 below, the Municipality expects to break-even over the period under review. Selected key assumptions relating to this budget are as follows:

- Government grants for years 2009 – 2014 are as per the Division of Revenue Act; thereafter increases of 5% per annum have been estimated.
- The inflation rate has been estimated to be 5% per annum.
- Growth in the salary and wage bill has been provided for in the budget at 5.5% per annum, growth in the remaining expense items in general, range from 0% - 6% per annum.
- Provision has been made for tariff increases relating to property rates at an average rate of 8,5% per annum.
- The amount for Contributions expense included in the budget relates largely to leave provision and the provision for bad debts.
- The budget is based on current service levels and does also make provision for major expansion of services into the rural areas.
- Equitable share capital portion as well as other conditional grants reflected in the funding sources for capital investment programme (Table 4) may also be allocated to revenue.

TABLE 1 : Operating Budget: 1 July 2009 to 30 June 2014

|  | Budget<br>2009/2010 | Budget<br>2010/2011 | Budget<br>2011/2012 | Budget<br>2012/2013 | Budget<br>2013/2014 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Income</b>                          |                     |                     |                     |                     |                     |
| Service Charges – Property Rates       | 0                   | 0                   | 0                   | 0                   | 0                   |
| Interest earned - External investments | 300 000             | 300 000             | 325 500             | 353 168             | 383 187             |
| Other Income                           | 116 000             | 116 000             | 125 860             | 136 558             | 148 165             |
| Government Grants and Subsidies        | 19 059 000          | 12 296 000          | 13 341 160          | 14 475 159          | 15 705 548          |
| Equitable Share                        | 17 142 000          | 21 300 000          | 23 110 500          | 25 074 893          | 27 206 259          |
| <b>Total Income</b>                    | 36 617 000          | 34 012 000          | 36 903 020          | 40 039 778          | 43 443 159          |
|  |                     |                     |                     |                     |                     |
| <b>Expenditure</b>                     |                     |                     |                     |                     |                     |
| Employee related costs                 | 6 246 879           | 6 246 879           | 6 590 457           | 6 952 932           | 7 335 343           |
| Remuneration of Councillors            | 3 767 446           | 3 767 446           | 3 974 656           | 4 193 262           | 4 423 891           |
| Repairs and Maintenance                | 439 524             | 439 524             | 465 895             | 493 849             | 523 480             |
| General Expenses                       | 2 614 800           | 2 614 800           | 3 164 430           | 3 778 840           | 4 464 531           |
| Contributions                          | 531 800             | 531 800             | 561 049             | 591 907             | 624 462             |
| Grants and Subsidies Paid (Projects)   | 23 016 551          | 20 411 551          | 22 146 533          | 24 028 988          | 26 071 452          |
| Other Expenses                         |                     |                     |                     |                     |                     |
| <b>Total Expenditure</b>               | 36 617 000          | 34 012 000          | 36 903 020          | 40 039 778          | 43 443 159          |

|                          |          |          |          |          |          |
|--------------------------|----------|----------|----------|----------|----------|
| <b>Surplus/(Deficit)</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
|--------------------------|----------|----------|----------|----------|----------|

TABLE 2: Capital Investment Programme per GFS Classification: 1 July 2009 to 30 June 2014

| <b>GFS Classification</b>             | <b>Budget<br/>2009/2010</b> | <b>Budget<br/>2010/2011</b> | <b>Budget<br/>2011/2012</b> | <b>Budget<br/>2012/2013</b> | <b>Budget<br/>2013/2014</b> |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Executive & Council                   | 400 000                     | 422 000                     | 445 210                     | 469 697                     | 495 530                     |
| Finance & Administration              | 400 000                     | 412 000                     | 426 420                     | 443 477                     | 454 564                     |
| Infrastructure & Economic Development | 21 772 938                  | 23 623 638                  | 25 631 647                  | 27 810 337                  | 30 174 216                  |
| <b>TOTAL</b>                          | <b>22 572 938</b>           | <b>24 457 638</b>           | <b>26 503 277</b>           | <b>28 723 511</b>           | <b>31 124 310</b>           |

As can be seen from Table 2 above, most of the capital expenditure over the period covered by this plan, will be primarily for Infrastructure projects, at approximately 58.02% of total expenditure, followed by other social projects and administrative needs, which account for the balance of the planned expenditure.

Certain grant funding can only be used in a prescribed manner e.g. Municipal Infrastructure Grant as per Government allocations.

TABLE 3: Capital Investment Programme Per Department: 1 July 2009 to 30 June 2014

| <b>Department</b>        | <b>Budget<br/>2009/2010</b> | <b>Budget<br/>2010/2011</b> | <b>Budget<br/>2011/2012</b> | <b>Budget<br/>2012/2013</b> | <b>Budget<br/>2013/2014</b> |
|--------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Executive & Council      | 400 000                     | 422 000                     | 445 210                     | 469 697                     | 495 530                     |
| Finance & Administration | 400 000                     | 412 000                     | 426 420                     | 443 477                     | 454 564                     |
| Technical Services       | 21 772 938                  | 23 623 638                  | 25 631 647                  | 27 810 337                  | 30 174 216                  |
| <b>TOTAL</b>             | <b>22 572 938</b>           | <b>24 457 638</b>           | <b>26 503 277</b>           | <b>28 723 511</b>           | <b>31 124 310</b>           |

TABLE 4: Capital Investment Programme per Funding Source: 1 July 2009 to 30 June 2014



| <b>Funding Source</b>                   | <b>Budget<br/>2009/2010</b> | <b>Budget<br/>2010/2011</b> | <b>Budget<br/>2011/2012</b> | <b>Budget<br/>2012/2013</b> | <b>Budget<br/>2013/2014</b> |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Government Grants & Subsidies           | 22 572 938                  | 24 457 638                  | 26 503 277                  | 28 723 511                  | 31 124 310                  |
| Public Contributions, Donations & Other | 0                           | 0                           | 0                           | 0                           | 0                           |
| Accumulated Surplus (Own Funds)         | 0                           | 0                           | 0                           | 0                           | 0                           |
| External Loans                          | 0                           | 0                           | 0                           | 0                           | 0                           |
| <b>TOTAL</b>                            | <b>22 572 938</b>           | <b>24 457 638</b>           | <b>26 503 277</b>           | <b>28 723 511</b>           | <b>31 124 310</b>           |

The Capital Investment Programme will be subject to the availability of funding.

### **FINANCIAL STRATEGY**

Managing municipal finances involves both a strategic and operational component. Strategically, the finances must be managed to accommodate fluctuations in the economy and the resulting changes in costs and revenues. Operationally, the municipality must put in place clear financial goals, policies, and tools to implement its strategic plan.

It must be noted that not all municipalities are the same and this should be kept in mind when assessing the financial health of, and the setting of benchmarks for a municipality. A municipality can be categorised into either:

- Developed – maintenance; or
- Developing – growing.

Vulamehlo Municipality can be categorised as a developing – growing municipality. Such municipalities require significant additional resources and funding to conduct the growth that is expected of them. In contrast, already developed – maintenance municipalities are mainly concerned with the need to maintain existing infrastructure.

With the demands for growth, come risks that need to be managed. Wherever possible, the Municipality will set benchmarks appropriate for a developing – growing municipality and strive to achieve these benchmarks within the medium to long term.

As mentioned at the beginning of this plan, the priority from the financial perspective is the viability and sustainability of the Municipality. The financial plan and related strategies will need to address a number of key areas in order to achieve this goal. The areas, which have been identified, are detailed below.

### **The Financial Framework**

#### **Revenue Adequacy and Certainty**

It is essential that the Municipality has access to adequate sources of revenue, from both its own operations and intergovernmental transfers, to enable it to carry out its functions. It is furthermore necessary that there is a reasonable degree of certainty with regard to source, amount and timing of revenue. The Division of Revenue Act has laid out the level of funding from National Government

that will be received for the 2009/10 to 2011/12 financial years.

It is important to track the respective sources of revenue received by the Municipality as they can be quite different and can vary substantially depending upon the phase that the municipality is in. Knowledge of the sources of funds will illustrate the Municipality's position more accurately, its ability to secure loans relative to its income streams and its borrowing capacity.

i. Cash / Liquidity Position

Cash and cash management is vital for the short and long term survival and good management of any organisation. The appropriate benchmarks which can assist in assessing the financial health of the Municipality are:

The current ratio expresses the current assets as a proportion to current liabilities. "Current" refers to those assets which could be converted into cash within 12 months and those liabilities which will be settled within 12 months. A current ratio in excess of 2:1 is considered to be healthy.

Debtors' collection measurements have a great impact on the liquidity of the Municipality.

ii. Sustainability

The Municipality needs to ensure that its budget is balanced (income covers expenditure). As there are

limits on revenue, coupled with the increased reliance on government grants to fund operational needs, it is necessary to ensure that services are provided at levels that are affordable, and that the full costs of service delivery are recovered. However, to ensure that households which are too poor to pay for even a proportion of service costs, at least have access to basic services, there is a need for subsidisation of these households.

iii. Effective and Efficient Use of Resources

In an environment of limited resources, it is essential that the Municipality makes maximum use of the resources at its disposal by using them in an effective, efficient and economical manner. Efficiency in operations and investment will increase poor people's access to basic services.

iv. Accountability, Transparency and Good Governance

The Municipality is accountable to the people who provide the resources, for what they do with the resources. The budgeting process and other financial decisions must therefore be open to public scrutiny and participation. In addition, the accounting and financial reporting procedures must minimise opportunities for corruption. It is also essential that accurate financial information is produced within acceptable timeframes.

v. Equity and Redistribution

The Municipality must treat people fairly and justly when it comes to the provision of services. In the same way, the Municipality should be treated equitably by national and provincial government when it comes to inter-governmental transfers. The 'equitable share' from national government will be used primarily for targeted subsidies to poorer households. In addition, the Municipality reserves the right to cross-subsidize between high and low income consumers within a specific service or between services.

vi. Development and Investment

In order to deal effectively with backlogs in services, there is a need for the Municipality to maximise its investment in municipal infrastructure (see Table 2). In restructuring the financial systems of the Municipality, the underlying policies should encourage the maximum degree of private sector investment.

vii. Macro-economic Investment

As the Municipality plays a significant role in the area, it is essential that it operates efficiently within the national macro-economic framework. The Municipality's financial

and developmental activities should therefore support national fiscal policy.

viii. Borrowing

The strong capital market in South Africa (banks and other lending institutions like DBSA, INCA, etc.) provides an additional instrument to access financial resources. However, it is clear that the Municipality cannot borrow to balance its budget and pay for overspending.

Safeguards need to be put in place to ensure that the Municipality borrows in a responsible way. In order to have access to this market, the Municipality will need to have accurate and appropriate financial accounting policies and procedures and effective reporting systems. The manner in which the Municipality manages debt or takes on new debt to finance activities will have a significant impact on the solvency and long-term viability of the Council.

**STRATEGIES AND PROGRAMMES**

With the above financial framework as a background, strategies and programmes have been identified and form part of the financial plan to achieve the desired objective – the financial viability and sustainability of the Municipality. In terms of time frames, each of the projects that have been identified will be embarked on and completed during the five year plan.

## Revenue Raising Strategies and Programmes

The following are some of the more significant programmes that have been identified:

- The development and implementation of a credit control and debt collection policy  
This policy and the relevant procedures will detail all areas of credit control, debt collection of amounts billed to customers, procedures for non-payment, etc.
- The development and implementation of an indigent support policy  
This policy will define the qualification criteria for an indigent, the level of free basic services that will be enjoyed by indigent households, penalties for abuse, etc.
- The development and implementation of a uniform tariff policy  
This policy will ensure that fair tariffs are charged in a uniform manner throughout the municipal area.
- The development and implementation of a customer incentive policy  
This policy will detail the incentives and prizes that will be made available to encourage customers to pay their accounts promptly.
- Project Consolidate – Free Basic Services, Billing Systems and Municipal Services Debt  
This project aims to enhance the delivery of Free Basic Services to poor households, and assist the municipality in developing innovative, reliable and integrated billing

systems that would allow for improved delivery of services and an effective and efficient billing system for the debtors/consumers of the municipality.

- Improved Payment Strategy  
This strategy aims at implementing innovative cost effective processes to encourage consumers to pay their accounts in full, on time, each month. Ensure that effective and efficient Customer Care and Prepayment procedures are implemented.
- Customer Care & Prepayment  
Ensure that effective and efficient Customer Care and Prepayment procedures are implemented.
- Ensuring Effective and Efficient Customer Services/Relations  
The municipality's technological needs must be continually assessed and updated. The municipality must perform an analysis of strategies to strengthen its Citizen Relationship Management systems that should result in operational efficiencies and improved customer service. An implementation plan must be developed to improve the handling of citizen service calls and implement supporting technology in selected front-line agencies.

## Asset Management Strategies and Programmes

The following are some of the more significant programmes that have been identified:

- The implementation of a fixed asset register and asset control system as well as the maintenance thereof  
This programme will involve the formulation of policies regarding fixed assets, the purchase of a suitable system, and the capture of all assets onto this system and the maintenance of this system in terms of GAMAP requirements.
- The development and implementation of a disaster recovery plan  
This plan will detail the procedures to be followed with regard to the operations and administration of the Municipality in the event of a disaster, to ensure that there is the least possible disruption and loss of service rendition. The plan will detail alternative locations, IT arrangements, back-up/start-up procedures, etc.
- The establishment of a disaster recovery centre  
The building and/or equipping of an alternative site from which to manage the Municipality's operations, in the event of a disaster rendering the current operational centers unusable.
- The development and implementation of a repairs and maintenance policy  
Such a policy will set out the details with regard to repairs and maintenance of all asset categories e.g. infrastructure assets, buildings, motor vehicles, etc. The intention is to ensure that planned and preventative maintenance is always ongoing.

- The development and implementation of a fleet management system  
This system will ensure that the Municipality's fleet is managed in the most effective manner and that up-to-date and comprehensive information required for the fleet is readily available.

### **Financial Management Strategies and Programmes**

The following are some of the more significant programmes that have been identified :

- The development and implementation of an integrated information technology plan  
Such a plan will ensure that the Municipality's IT needs are met in the most cost effective manner, that the IT resources are well-managed and secure, and that administrators and users are well-trained.
- Integration of all computerised systems and acquisition of hardware and software required  
Financial management is supported through the municipality's Pastel Accounting System. This integrated financial management system is designed to track and control daily activities and report the financial position of the municipality. This system supports the rigorous monitoring, control and reporting requirements required of the municipality.  
The integration of all other computerised systems to this financial management system, and the acquisition of the

required hardware and software must be finalized to ensure that information is accurate, relevant and prompt, which in turn will facilitate the smooth running and effective management of the Municipality.

- Upgrading and restructuring of the Budget Office in line with the budget reform process initiated by National Treasury.

This will result in better control of expenditure and improved reporting.

### **Capital Financing Strategies and Programmes**

The following are some of the more significant programmes that have been identified:

- The development and implementation of a debt capacity policy

This policy will ensure that any borrowings taken by the Municipality will be done in a responsible manner and that the repayment and servicing of such debt will be affordable.

- The development and implementation of a large scale economic policy

This policy, including targeted procurement, will set out ways in which the Municipality can become more effective in attracting large scale economic investment. It will be the framework to provide an environment that is investor friendly, efficient (with quick decision-making ability) and

will detail any incentives, which may be given to attract large business.

- The development and implementation of a policy for accessing donor finance

This policy will create a framework for the accessing of funds from local and overseas donors. It will detail the type of projects for which funding will be sought, the procedures to be used, and donor conditions which are acceptable or unacceptable.

### **Operational Financing Strategies and Programmes**

The following programme has been identified:

- Investigation of service delivery options and public/private partnerships

This refers to the ongoing investigation into how the Municipality can service the community in the most efficient and effective manner, including an investigation of public/private partnerships for service delivery.

### **Strategies to Enhance Cost-effectiveness**

The following are some of the more significant programmes that have been identified:

The establishment of benchmarks and performance indicators are paramount. This will include:

- Training and development of financial (and other) staff

The aim of this project will be to constantly ensure that the Financial (and other) staff receive the training they require

to ensure a cost-effective and efficient service to the Municipality.

- Establishment of a centralised Civic Centre

To establish suitably located office accommodation for staff, to ensure the most effective and efficient service provision and administration of the Municipality. This arrangement will create an environment for better and cheaper communication and minimum time wastage.

- Enhanced budgetary controls and timeliness of financial data

To improve the operation of the Budget Office, in respect of producing financial information and the monitoring and reporting of budget variances. Some of the more significant measures of acceptable performance in this area will be: Financial bottom line matched to forecasts to a 10% variance level, Receipt of unqualified audit reports, Monthly financial statements produced within 10 working days of month-end, etc.

### **FINANCIAL MANAGEMENT POLICIES**

#### **General Financial Philosophy**

The financial policy of the Vulamehlo Municipality is to provide a sound financial base and the resources necessary to sustain a satisfactory level of municipal services for the citizens of municipality.

It is the goal of the Municipality to achieve a strong financial position with the ability to:

- withstand local and regional economic impacts;
- adjust efficiently to the community's changing service requirements;
- effectively maintain, improve and expand the Municipality's infrastructure;
- manage the Municipality's budget and cash flow to the maximum benefit of the community;
- prudently plan, coordinate and implement responsible and sustainable community development and growth;
- provide a high level of social services to assure public health and safety.

Vulamehlo Municipality's financial policies shall address the following fiscal goals: -

- keep the Municipality in a fiscally sound position in both the short and long term;
- maintain sufficient financial liquidity through regular reviews and adjustments to meet normal operating and contingent obligations;
- apply credit control and debt collection policies which maximize collection while providing relief for the indigent;
- credit control and debt collection policies that recognize the basic policy of customer care and convenience;
- operate utilities/entities in a responsive and fiscally sound manner;
- maintain existing infrastructure and capital assets;
- provide a framework for the prudent use of debt financing;

- direct the Municipality's financial resources toward meeting the goals of the Municipality's Integrated Development Plan.

### **Budget Policies**

The annual budget is the central financial planning document that embodies all operating revenue and expenditure, and capital budget decisions.

It establishes the level of services to be provided by each department.

The Municipal Manager shall incorporate Vulamehlo Municipality's priorities in the formulation of the preliminary and final budget proposal.

The budget will be subject to monthly control and be reported to Council with recommendations of action to be taken to achieve the budget's goal. The budget will be subject to a mid-term review, which may result in an Adjustment Budget.

Adequate maintenance and replacement of the Municipality's capital property, plant and equipment will be provided for in the annual budget.

The budget shall balance recurring operating expenses to recurring operating revenues.

The budget will have Revenue plans based on realistically expected income and expenditure figures. Plans will be included to achieve maximum revenue collection percentages.

### **Capital Infrastructure Investment Policies**

The Municipality will establish and implement a comprehensive rolling five year Capital Investment Plan (CIP). This plan will be updated annually.

The capital planning process must be synchronized with the annual operating budget cycle, allowing for the regular reassessment of capital needs and projections, as well as the update of the rolling five year capital plan.

An annual Capital Investment Budget will be developed and adopted by the Vulamehlo Municipality as part of the annual budget. The Municipality will make all capital improvements in accordance with the CIP.

Unexpended capital project budgets shall not be carried forward or rolled over to future fiscal years unless the Project Expenditure is committed or funded from grant funding.

Routine and administrative capital needs shall be financed from current revenues (Capital Replacement Reserve) as opposed to the issuance of long-term debt.

The Municipality will maintain all assets at a level adequate to protect the Municipality's capital investment and to minimize future maintenance and replacement costs.

### **Revenue Policies**

The Municipality will estimate annual revenues through a conservative, prudent, objective and analytical process based on realistically expected income.



The Municipality will consider market rates and charges levied by other public and private organizations for similar services in establishing tariffs and charges.

The Municipality will set fees and user charges at a level that fully supports the total direct and indirect costs of operations. Tariffs will be set to reflect the Development and Social Policies of the Municipality.

The Municipality will continue to identify and pursue grants and appropriations from Provincial and National Government and other agencies that are consistent with the Municipality's goals and strategic plan.

The Municipality will follow an aggressive policy of collecting revenues.

### **Credit Control and Debt Collection Policies and Procedures**

The municipality must adopt Credit Control and Debt Collection Policy.

The Principles supported in this Policy, amongst others, should cover at least the following:

- The administrative integrity of the municipality must be maintained at all costs. The democratically elected councilors are responsible for policy-making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.
- All customers must complete an official application form, formally requesting the municipality to connect them to a service supply. Existing customers may be required to

complete new application forms from time to time, as determined by the Municipal Manager.

- A copy of the application form, conditions of services and relevant extracts of the Council's credit control and debt collection policy and by-laws must be handed to every customer on request, at such fees as may be prescribed by Council.
- Billing is to be accurate, timeous and understandable.
- The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- Enforcement of payment must be prompt, consistent and effective.
- Unauthorised consumption, connection and re-connection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.
- Incentives and disincentives may be used in collection procedures.
- The collection process must be cost-effective.
- Results will be regularly and efficiently reported by the Municipal Manager and the Mayor.

- Application forms will be used to, inter-alia, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.

The Policy document must, amongst others, cover:

- Duties and Functions of Council, Mayor, Ward Councilors, Municipal Manager and of the communities.
- Area of Application
- Application of Services
- Customer Service Agreements
- Deposits and Guarantees
- Accounts and Billing
- Metering of Services
- Customer Assistance Programmes
- Communication
- Payment Facilities and Methods
- Enquiries and Appeals
- Tenders for Business
- Debt Collection
- Theft and Fraud
- Reporting and Performance Management
- Income Collection Target
- Application of the Policy
- Impact of the newly promulgated National Credit Act.

A document titled “Debt Collection Procedures” must support or form an integral part the Credit Control and Debt Collection Policy.

### **Indigent Support Policy**

An Indigent Support Policy must be adopted by Council.

This policy should identify the conditions that must be satisfied, to be regarded as an indigent and the process to be followed to apply for indigent status.

The form of subsidy is identified, as is the process of auditing indigent applications.

In addition, procedures which will be followed in the event of a death of an indigent, and a false indigent application, must be covered.

Finally, the treatment of the outstanding debt of a customer on becoming an indigent must be addressed.

### **Investment and Cash Management Policies**

In terms of the Municipal Finance Management Act, Act 56 of 2003, Section 13(2): “Each Municipal Council shall adopt by resolution an investment policy regarding the investment of its money not immediately required.”

Investments of the Municipality shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The portfolio shall remain sufficiently liquid to enable the Municipality to meet daily cash flow demands and conform to

all state and local requirements governing the investment of public funds. The preservation of the principal amount is the foremost objective of the investment program.

The Municipality will continue the current cash management and investment practices, which are designed to emphasize safety of capital first, sufficient liquidity to meet obligations second, and the highest possible yield third.

Investments shall be made with care, skill, prudence and diligence. The approach must be that which a prudent person acting in a like capacity and familiar with investment matters would use in the investment of funds of like character and with like aims, to safeguard the principal amount and maintain the liquidity needs of the Municipality. The standard of prudence to be used by the Investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall Investment portfolio.

Investment officials are required to:

- a) Adhere to written procedures and policy guidelines.
- b) Exercise due diligence.
- c) Prepare all reports timeously.
- d) Exercise strict compliance with all legislation.

The Municipality shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the Municipality will not directly invest in securities maturing more than two years from the date of issue.

The Municipality’s financial information system will provide adequate information concerning cash position and investment performance.

The Municipality will not invest monies in contradiction to the policy guidelines as adopted by Council. The municipality is also discouraged from investing more than 30% of available funds with a single institution.

The Minister of Finance may identify by regulation in terms of Section 168 of the Municipal Finance Management Act, instruments or investments other than those referred to below in which a Municipality may invest:

- Deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
- Securities issued by the National Government;
- Investments with the Public Investment Commissioners as contemplated by the Public Investment Commissions Act, 1984 ( Act No. 5 of 1984 );
- Listed corporate bonds with an investment grade rating from a nationally or internationally recognised credit rating agency;
- Deposits with the corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act 46 of 1984);
- Banker’s acceptance certificates or negotiable certificates of deposits of banks registered in terms of the Banks Act, 1990 (Act 94 of 1990);
- Municipal Bonds issued by a Municipality;

- Guaranteed endowment policies with the intention of establishing a sinking fund; and
- Repurchase agreements with banks registered in terms of the Banks Act, 1990 (Act 94 of 1990)

### **Debt Management Policies**

The Finance Department manages all municipal borrowings. The municipality's cash flow must be carefully managed and anchored by at least quarterly loan draw downs, so as to eliminate the need for short-term borrowings. Guidelines must be established by the Treasury Department to set forth the municipality's management policies toward rapidity of debt repayment, debt affordability, the limitation on the level of variable rate debt the municipality will issue, and the target savings amount on debt to be refinanced.

The Municipality shall incur debt only when necessary to meet a public need and when funding for such projects is not available from current revenues, reserves or other sources.

Long term borrowing will be used to finance capital programmes, including refurbishment, as approved in the Municipality's Capital Investment Plan.

Capital projects financed through the issuance of debt shall be financed for a period not exceeding the expected useful life of the project.

The Municipality will not incur debt to finance current operations.

Leasing options, after a cost benefit analysis, may be used as a medium-term method of borrowing for the financing of vehicles, computers, other specialized types of equipment, or other capital refurbishment programmes.

### **Asset Management Policies**

The objective of the asset management policy is to prescribe the accounting and administrative policies and procedures relating to Property, Plant & Equipment (PPE), which are fixed assets of Vulamehlo Municipality.

A summary of the Principles supported in this policy, amongst others, should cover:

- A fixed asset shall mean an asset, either movable or immovable, under the control of the municipality, and from which the municipality reasonably expects to derive economic benefits, or reasonably expects to use in-service delivery, over a period extending beyond 12 months.
- The fixed asset register shall comply with the requirements of Generally Recognized Accounting Practice (GRAP) and any other accounting requirements, which may be prescribed.
- Fixed assets are classified under the following headings:
  - Land
  - Infrastructure Assets
  - Community Assets
  - Heritage Assets
  - Investment Properties

- Other Assets.
- Every Head of Department shall be directly responsible for the physical safekeeping of any fixed asset controlled or used by the department in question.
- PPE is stated at cost less accumulated depreciation, or fair value at date of acquisition less accumulated depreciation where assets have been acquired by grant or donation.
- Subsequent expenditure relating to property, plant and equipment is capitalized if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, then it is regarded as repairs and maintenance and is expensed. The enhancement of an existing asset, so that its use is expanded or; the further development of an asset so that its original life is extended, are examples of subsequent expenditure which should be capitalized.
- Assets are capitalized according to a capitalization criteria and all expenditure below a capitalization threshold, as determined in the approved policy, is expensed when incurred.
- Depreciation is calculated on cost, using the straight-line method, over the estimated useful lives of the assets.
- Heritage assets, which are defined, as culturally significant resources, are not depreciated as they are regarded as having an infinite life. In general, Land is also not

depreciated for the same reason. The only exception to the policy is that cemetery land and landfill sites are depreciated.

- Incomplete construction work is stated at historic cost.
- The carrying amount of an item or a group of identical items of PPE will be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount. When such a decline has occurred, the carrying amount will be reduced to the recoverable amount (also termed as impairment of assets). The amount of the reduction will be recognized as an expense immediately, unless it reverses a previous revaluation, in which case it will be charged to the revaluation non-distributable reserve.
- Assets are eliminated from the Statement of Financial Position on disposal or retirement.
- The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the statement of financial performance.

#### **Asset Management Information**

To ensure that assets are adequately maintained, a programme for the planned maintenance and replacement of all fixed and moveable assets is essential.

The magnitude of deferred maintenance due to past and present lack of funding must be reviewed, quantified and appropriate

steps taken to address same within these next five years, whilst at the same time ensuring that the current and ongoing preventative maintenance plan does not fall behind and end up as unbudgeted for deferred maintenance in future years.

- Capital Charges,
- Total expenditure increase allowed (excluding repairs and maintenance), &
- Increase in repairs and maintenance.

### **KEY FINANCIAL TARGETS**

The multi-year budget is underpinned by the following key financial target assumptions:

- Tariff increase,
- Macro Growth factor indicator,

### **KEY PERFORMANCE INDICATORS**

Table 5 overleaf, gives details of commonly used financial ratios / benchmarks. The information in this Table is the targeted position the municipality shall strive to achieve, year on year, over the next five financial years.

TABLE 5: Targeted Ratio Analysis / Financial Benchmarks, year on year, over the next five financial years

| Ratio Analysis / Financial Benchmarks    | Basis of calculation                              | Target<br>2009/10 | Target<br>2010/11 | Target<br>2011/12 | Target<br>2012/13 | Target<br>2013/14 |
|--|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>5.1 Borrowing Management</b>          |   |                   |                   |                   |                   |                   |
| Debt to asset ratio                      | Total debt / Total assets                         | 5%                | 5.3%              | 5.5%              | 5.2%              | 4.7%              |
| Debt to revenue                          | Total debt / Annual income                        | 2.5%              | 2.8%              | 4.3%              | 2.8%              | 2.5%              |
| Interest bearing debt to revenue         | Interest-bearing debt / Annual income             | 0.6%              | 0.8%              | 1%                | 0.8%              | 0.7%              |
| Average interest paid on debt            | Interest paid / Total interest-bearing debt       | 11.50%            | 11.50%            | 10%               | 9%                | 8.50%             |
| Capital charges to operating Expenditure | Interest and principal paid/Operating expenditure | 3%                | 3.5%              | 4%                | 3.5%              | 3%                |
| Interest as a % of operating Expenditure | Interest paid / Operating expenditure             | 1%                | 1.50%             | 2%                | 1.50%             | 1%                |
| <b>5.2 Safety of Capital</b>             |   |                   |                   |                   |                   |                   |
| Debt to equity                           | Total debt / funds and reserves                   | 0.95              | 1.00              | 1.05              | 1.00              | 0.90              |
| Gearing                                  | Funds and reserves / long term debt               | 1.00              | 0.95              | 0.90              | 1.00              | 1.10              |

| 5.3 Liquidity                                    |   |       |       |      |       |       |
|--|---|-------|-------|------|-------|-------|
| Current ratio                                    | Current assets / Current liabilities                            | 1.80  | 1.90  | 2.00 | 2.00  | 2.05  |
| Liquid ratio                                     | Cash assets / Current liabilities                               | 0.50  | 0.60  | 1.00 | 1.00  | 1.05  |
| 5.4 Revenue Management                           |   |       |       |      |       |       |
| Annual debtors collection rate (payment level %) | Last 12 months receipts / last 12 months billing                | 96%   | 97%   | 98%  | 99%   | 99%   |
| Outstanding debtors to revenue                   | Outstanding debtors (net)/Annual revenue (total included)       | 29%   | 27%   | 25%  | 23%   | 21%   |
| Days debtors outstanding                         | Outstanding debtors (net)/Annual revenue (total included) x 365 | 95    | 90    | 80   | 70    | 55    |
| 5.5 Efficiency                                   |   |       |       |      |       |       |
| Personnel costs to operating expenditure         | Personnel costs / operating expenditure                         | 34.5% | 35%   | 34%  | 33%   | 32%   |
| Creditors management                             |   | 40    | 38    | 36   | 33    | 30    |
| 5.6 Other Indicators                             |   |       |       |      |       |       |
| Asset maintenance rate                           | Repairs & Maintenance / total value of fixed assets             | 7%    | 8.50% | 10%  | 11.5% | 11.5% |

#### **SUMMARY AND CONCLUDING REMARKS**

The five year financial plan includes an Operating Budget, a Capital Investment Programme, and the Sources of Funding for the Capital Investment Programme, financial strategies and programmes, various financial management policies adopted by Council, key financial targets, key performance indicators, and a budget according to the IDP priorities.

A municipality can be categorised into either:

- Developed - maintenance
- Developing – growing

The Municipality can be categorised as a developing - growing municipality. Such a municipality requires significant additional resources and funding to conduct the growth that is expected of it. In contrast, already developed - maintenance municipalities are mainly concerned with the need to maintain existing infrastructure.

The five year financial plan forms an integral part of the integrated development plan of the municipality. An integrated development plan is a mandated vehicle utilized to take service delivery to the local community. To ensure that service delivery reaches the

community, this vehicle must be well equipped; for without these no service delivery would take place. These exact ingredients are in fact the financial plan, for without it being included in the

integrated development plan, service delivery would cease to exist.

## 8.2. Service Delivery and Budget Implementation Plan (SDBIP)

| Key performance Area      | Developmental Priority   | Program/ Projects             | Programme Driver           | Budget | Annual Target         | QTR1<br>Sept 09 | Actual<br>QRT1 | QRT2<br>Dec 09 | Actual<br>QRT2 | QRT3<br>Mar 10 | Actual<br>QRT3 | QRT4<br>Jun 10 | Actual<br>QRT4 |
|---------------------------|--------------------------|-------------------------------|----------------------------|--------|-----------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1. Basic Service delivery | Community infrastructure | Address backlogs of community | Technical Services Manager |        | All community service | 25 %            | -              | 50 %           |                | 75 %           |                | 100 %          |                |



|                    |                                      |   |                            |  |                                    |   |  |                                    |  |                 |  |                     |  |
|--------------------|--------------------------------------|---|----------------------------|--|------------------------------------|---|--|------------------------------------|--|-----------------|--|---------------------|--|
|                    |                                      | services by putting plans and link to district plans      |                            |  | backlogs addressed                 |   |  |                                    |  |                 |  |                     |  |
|                    |                                      | Roads maintenance   | Technical Services Manager |  | More than 600 KMS to be maintained | 25 %                                      |  | 50 %                               |  | 75 %            |  | 100 %               |  |
|                    |                                      | Infrastructure investment plan                            | Municipal Manager          |  | Approved plan                      | Plan to be at 1 <sup>st</sup> draft phase |  | Planning working group established |  | Plan advertised |  | Adoption by Council |  |
|                    |                                      | Develop Policy for the management of community facilities | Municipal Manager          |  | Developed Policy                   | 25 %                                      |  | 50 %                               |  | 75 %            |  | 100 %               |  |
| 2. Good Governance | Municipal Planning                   | IDP and all sector plans reviewed and implemented         | Municipal Manager          |  | Reviewed IDP and Sector plan       | 25 %                                      |  | 50 %                               |  | 75 %            |  | 100 %               |  |
|                    | Accessibility                        | Ward committees formed                                    | Corporate Services Manager |  | 10 ward committees                 | 25 %                                      |  | 50 %                               |  | 75 %            |  | 100 %               |  |
|                    | Safe, healthy and secure environment | Security strategy developed                               | Corporate Services Manager |  | Strategy to be fully developed     | 25 %                                      |  | 50 %                               |  | 75 %            |  | 100 %               |  |

|                               |  |  |                            |  |                                  |   |  |                                    |  |                         |  |                     |  |
|-------------------------------|--|--|----------------------------|--|----------------------------------|---|--|------------------------------------|--|-------------------------|--|---------------------|--|
|                               | Efficient, effective and accountable administration          | Municipal road shows                             | Corporate Services Manager |  | 4 road shows                     | 25 %                                      |  | 50 %                               |  | 75 %                    |  | 100 %               |  |
|                               |  | GIS developed/ updated                           | Corporate Services Manager |  | 100 % developed                  | 25 %                                      |  | 50 %                               |  | 75 %                    |  | 100 %               |  |
|                               |  | Administration plan developed                    | Corporate Services Manager |  | Approved plan                    | Plan to be at 1 <sup>st</sup> draft phase |  | Planning working group established |  | Plan advertised         |  | Adoption by Council |  |
| 3. Local Economic Development | Support and grow new and existing businesses and create jobs | Agriculture sector plan developed to create jobs | Municipal Manager          |  | Approved plan                    | Plan to be at 1 <sup>st</sup> draft phase |  | Planning working group established |  | Plan advertised         |  | Adoption by Council |  |
|                               |  | LED projects prioritised in all wards            | Municipal Manager          |  | Prioritised projects implemented | 25 %                                      |  | 50 %                               |  | 75 %                    |  | 100 %               |  |
|                               |  | Tourism plan developed                           | Municipal Manager          |  | Approved plan                    | Plan to be at 1 <sup>st</sup> draft phase |  | Planning working group established |  | Plan advertised         |  | Adoption by Council |  |
|                               |  | Jobs created and sustained                       | Municipal Manager          |  | 200 Jobs                         | 25 %                                      |  | 50 %                               |  | 75 %                    |  | 100 %               |  |
| 4. Municipal Financial        | Budget strategically and                                     | IDP priorities budgeted for                      | CFO                        |  | 100 % compliance                 | First QTR                                 |  | 2 <sup>nd</sup> quarter review     |  | 3 <sup>rd</sup> quarter |  | 100 % priorities    |  |

|                          |                    |  |           |  |                  |   |  |                                    |  |                 |  |                     |  |
|--------------------------|--------------------|--|-----------|--|------------------|---|--|------------------------------------|--|-----------------|--|---------------------|--|
| Viability and Management | sustainably        |  |           |  |                  | priorities met                            |  | priorities met                     |  | priorities met  |  | met                 |  |
|                          |                    | Valuation roll in line with MPRA       | CFO       |  | 100 % compliance | 25 %                                      |  | 50 %                               |  | 75 %            |  | 100 %               |  |
|                          |                    | Property rates assessments done        | CFO       |  | 100 % compliance | 25 %                                      |  | 50 %                               |  | 75 %            |  | 100 %               |  |
|                          | Financial planning | Financial plan developed               | CFO       |  | Approved plan    | Plan to be at 1 <sup>st</sup> draft phase |  | Planning working group established |  | Plan advertised |  | Adoption by Council |  |
|                          |                    | Asset management plan developed        | CFO       |  | Approved plan    | Plan to be at 1 <sup>st</sup> draft phase |  | Planning working group established |  | Plan advertised |  | Adoption by Council |  |
|                          |                    | Tariff policy developed                | CFO       |  | Approved policy  | 25 %                                      |  | 50 %                               |  | 75 %            |  | 100 %               |  |
|                          |                    | Revenue plan and billing system        | CFO       |  | Approved plan    | Plan to be at 1 <sup>st</sup> draft phase |  | Planning working group established |  | Plan advertised |  | Adoption by Council |  |
|                          |                    | Investment management policy developed | CFO       |  | Approved policy  | 25 %                                      |  | 50 %                               |  | 75 %            |  | 100 %               |  |
| 5. Municipal             | Healthy and        | Programs to                            | Corporate |  | 1                | 25 %                                      |  | 50 %                               |  | 75 %            |  | 100 %               |  |

|  |                      |   |                            |  |                            |      |  |      |  |      |  |       |  |
|--|----------------------|---|----------------------------|--|----------------------------|------|--|------|--|------|--|-------|--|
| institutional development and transformation | productive employees | reduce HIV and AIDS in the work place                     | Services Manager           |  |                            |      |  |      |  |      |  |       |  |
|  |                      | Organisational structure and institutional plan developed | Corporate Services Manager |  | 100 %                      | 25 % |  | 50 % |  | 75 % |  | 100 % |  |
|  |                      | Teambuilding activities undertaken                        | Corporate Services Manager |  | 1                          |      |  |      |  |      |  | 100 % |  |
|  |                      | HR Policies in place and reviewed                         |                            |  | HR Policies fully reviewed | 25 % |  | 50 % |  | 75 % |  | 100 % |  |
|  |                      | Equity plan in place                                      |                            |  | 100 % compliance           |      |  |      |  |      |  | 100 % |  |
|  |                      | WSP in place and implemented                              |                            |  | 10 to be trained           | 25 % |  | 50 % |  | 75 % |  | 100   |  |

## 9. Organizational Performance Management System

In terms of Chapter 6 of the Municipal Systems Act, the municipality must have a PMS framework detailing key performance indicators and targets. The municipality has developed a new PMS framework. This framework is pitched at both organisational and individual levels. The scorecards for all

section 57 employees with KPIs and performance targets have been developed. An attempt has also been made to cascade PMS down to non-section 57 employees.

The new framework is also fully automated and yet very easy to operate as it is done on Excel. The alignment of the IDP and PMS has to a large degree been accomplished. The municipality has developed the PMS framework policy and procedure manual to guide the PMS, which aims to address some of the challenges identified below.

The new Systems Act regulations have been effected in developing the new performance contracts for the section 57 employees. The auditing of PMS is currently done on a shared service basis with the district municipality being the co-ordinator. The new regulations provide for the performance audit committee to be established to assist with, inter alia, the assessment of performance and the awarding of bonuses. The municipality is now looking at setting up the latter committee as required in terms of legislation.

There are however challenges in terms of community involvement in performance management and there is still a need to identify best practices in this regard. Moreover, a need for capacity building for councillors to understand PMS has also been identified. This should include the development of educational material around PMS implementation. The review of PMS quarterly is also another area that needs improvement.

Further to the above framework the municipality is now attempting to integrate and align its framework and scorecard to the standard scorecard that is prepared by the **Department of Cooperative Governance and Traditional Affairs (Attached)**.

## **9.1. PERFORMANCE MANAGEMENT SYSTEM POLICY FRAMEWORK AND PROCEDURAL MANUAL**

### **Introduction**

The Municipal Systems Act, 2000 (Act no. 32 of 2000), stipulates that a municipality must:

- a) *Establish a performance management system that is,*
  - i. *Commensurate with its resources,*

- ii. *Best suited to its circumstances, and*
  - iii. *In line with the priorities, objectives, indicators and targets contained in its Integrated Development Plan (IDP).*
- b) *Promote culture of performance management among its political structures, political office bearers and councilors and in its administration, and*
- c) *Administer its affairs in an economical, effective, efficient and accountable manner.*

Section 41 of the act outlines the core components of the performance management system.

- a) Set appropriate Key Performance Indicators as a yardstick for measuring performance, including outcome and impact, with regard to the municipality's development priorities.
- b) Set measurable performance targets with regard to each of those development priorities and objectives.
- c) With regard to each of those development priorities and objectives and against the KPIs and targets set in terms of paragraph a) and b):
  - i. Monitor performance, and
  - ii. Measure and review performance at least once a year.
- d) Take steps to improve performance with regard to those development priorities and objectives where performance targets are not met, and
- e) Establish a process of regular reporting to:
  - i. The council, other political structures, political office bearers and staff of the municipality; and
  - ii. The public and appropriate organs of state.

Furthermore the system applied by the municipality should serve as an early warning indicator of under – performance.

## Definition of PMS

The Department of Provincial and Local Government (DPLG) defines performance management as, '*a strategic approach to management, which equips leaders, managers, employees and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organization in terms of indicators and targets for efficiency, effectiveness and impact.*' This system will therefore ensure that all leaders, managers and individuals in the municipality are held accountable for their actions, which should bring about improved service delivery and value for money.

Furthermore, performance management system can be said to be a process through which managers / officials and that the municipality and the municipality's components and employees activities, outcomes and outputs are congruent with the organizations strategies.

## **Aim**

This PMS policy framework and procedure manual aims at providing the principles, prescripts and the process applicable to the performance assessment of employees, as well as the allocation of performance incentives to eligible employees and departments and dealing with poor performance.

## **Purpose**

The main purpose is to create an ongoing communication process that involves both, the manager / supervisor and employees in:

- Identifying and describing essential job functions and relating them to the strategy (IDP), of the municipality.
- Developing realistic and appropriate performance standards.
- Giving and receiving feedback about performance.
- Undertaking constructive and objective performance appraisals; and identifying and planning education and development opportunities; to sustain, improve or build on employee work performance.

## **Focus**

The performance management system will focus on the following:

- Individual employee;
- Group and unit of specific section of the department;
- The entire section of the department;
- The department itself – through the Head of Department; and
- The entire organization.

## Legislative mandate

The need for monitoring tool within municipalities comes from various pieces of legislation, giving guidance and direction on the path to be followed when developing the performance management system. The principal piece of legislation that constitutes the PMS is the Municipal Systems Act, 2000 as already alluded to in the introduction. The different pieces of legislation are as follows:

### Municipal Systems Act, 2000 (act 32 of 2000)

This act prescribes that a municipality must establish a performance management system.

- Section 38 of the act deals specifically with the performance management of the municipality's IDP.
- Section 39 of the act prescribes how the PMS must be developed.
- Section 40 of the act prescribes that the municipality must establish mechanisms to monitor and review its PMS.
- Section 41 prescribes that a municipality must:
  - i. Set appropriate Key Performance Indicators;
  - ii. Set measurable performance targets;
  - iii. Institute a monitoring process to monitor the abovementioned;
  - iv. Institute a process to measure and review performance at least once a year;
  - v. Introduce action steps to improve performance with regard to those development priorities and objectives where performance targets are not met;
  - vi. Set in motion a process of regular reporting to the council, other political structures, political office bearers and staff of the municipality and the public and appropriate organs of state.
- Section 42 of the act requires municipalities to follow appropriate mechanisms, processes and procedures to involve the local community in the development, implementation and review of the municipality's performance management system and, in particular, allow the community to participate in the setting of appropriate key performance indicator and performance targets.
- Section 43 of the act confers on the Minister the authority to prescribe general key performance indicators. These indicators are set out in regulation 10 of the Municipal Planning and Performance Management Regulations, 2001.
- Section 44 of the act states that the municipality must, in a manner determined by council, make known, both internally and externally i.e. to the general public, the key performance indicators and performance targets set by it for the purposes of its PMS.



- Section 45 of the act prescribes that the results of the performance measurement must be audited as part of the municipality's internal auditing process. In addition, the Auditor General must also audit the results of the performance measures annually. All auditing must comply with regulations 14 of the Municipal Planning and Performance regulations, 2001.
- Section 46 of the act states that the municipality must for each financial year prepare a performance report reflecting;
  - i. The municipality's and any service providers performance during that year;
  - ii. The development and service delivery priorities and performance targets set by the municipality for the following financial year; and
  - iii. Measures that were or are to be taken to improve performance.
- Sections 47 of the act confers that the MEC of Local Government must compile a consolidated annual report on performance of municipalities in the province and submit the report to the provincial legislature and to the national council of provinces.
- Section 57 of the act prescribes that a performance agreement be entered into between the municipality and the municipal manager and between the municipal manager and all persons directly accountable to him or her.

## **Municipal Planning and Performance Management Regulations, 2001**

Section 7 (2) of the regulations require that the municipality, in developing its performance management system, must ensure that the system:

- i. Complies with all the requirements set out in the municipal systems act;
- ii. Demonstrate how it is to operate and be managed from the planning stage up to stages of performance review and reporting;
- iii. Clarifies the roles and responsibilities of each role players, including the local community, in the functioning of the system;
- iv. Clarifies the process of implementing the system within the framework of the IDP process;
- v. Determines the frequency of reporting and lines of accountability for performance; and
- vi. Relates to municipality's employee performance process.

## **Municipal Finance Management Act, 2003**

Section 1 of the MFMA defines the SDBIP as:

“a detailed plan approved by the mayor of a municipality in terms of section 53(1)(c)(ii) for implementing the municipality's delivery of services and the execution of its annual budget and which must include (as part of the top layer) the following:

- a) Projections for each month of-
  - (i) Revenue to be collected, by source; and
  - (ii) Operational and capital expenditure, by vote
- b) Service delivery targets and performance indicators for each quarter.

According to Section 53(1) (c) ii of the MFMA (Act 56 of 2003) “the Mayor of the municipality must take all reasonable steps to ensure that the municipality’s service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget”

The Mayor is to receive the draft budget 14 days after approval of budget and therefore the final SDBIP approved 14 days after receiving the first draft.

## **White Paper on Local Government, 1998**

The White Paper on Local Government states that the Performance Management System is one of the critical tool and approach for developmental local governance. It further states that the PMS is critical in ensuring that plans are being implemented, that they have the desired development impact, and that resources are being used efficiently.

## **Batho Pele Principles**

Eleven Batho Pele principles were adopted by Vulamehlo LM to serve as acceptable policy and legislative framework regarding service delivery in the Municipal service. These principles are aligned with the Constitutional ideals of:

- Promoting and maintaining high standards of professional ethics;
- Providing service impartially, fairly, equitably and without bias;
- Utilizing resources efficiently and effectively;
- Responding to people's needs; the citizens are encouraged to participate in policy-making; and
- Rendering an accountable, transparent, and development-oriented Municipal administration

## Institutional Arrangements

As already noted in legislative mandate section, political office bearers are required to manage the development of the municipality's PMS. For that reason it is important that the council set up the necessary structures for the development and implementation of the PMS. However it is not necessary to create new structures for this purpose as the IDP structures should already be in place and as the PMS is the monitoring and evaluation tool of the IDP, it should therefore be seen as the continuation of the same process and thus the same structures should be used.

The structures will therefore include the following:

- Municipal Council;
- EXCO;
- IDP Managers Forum;
- IDP technical Team Committee;
- IDP Representative Forum; and
- Internal Audit Committee.

The ward committees may in terms of section 74 of the Municipal Structures Act No. 117 of 1998, make recommendations on any matter affecting their ward. Therefore since the performance of the municipality in the delivery of services, directly affects the wards, the ward committees in conjunction with the community must involve itself in the development, implementation and review of the municipality's performance management system by participating in the setting of appropriate KPIs and targets for the municipality as provided for in section 42 of the Municipal Systems act. The members of the IDP Representative Forum and any other structures that may be developed by the municipality for the IDP / PMS would, as representatives and members of the community, also have to undertake these roles.

Furthermore as far as the review of the PMS is concerned, the community and by implication the ward committees and members of other IDP / PMS structures would, as provided for in regulation 13 (4) of the Planning and Performance Management Regulations, 2001; as part of their roles assist in:

- Identifying the Strengths, Weaknesses, Opportunities and threats of the municipality in meeting the KPIs and performance targets set by it, as well as the general key national performance indicators.
- Reviewing of the KPIs set in regard to councils development priorities and objectives for it elected term, including its Local Economic Development and its internal transformation needs as referred to in section 26 (c) of the Municipal Systems Act.

The table below sums up the Roles and Responsibility of different Role players:

| <b>Role Player</b>  | <b>Responsibility</b>   |
|---|---|
| Municipal Council   | Approve the PMS, monitor and review the IDP in terms of the PMS   |
| Councillors   | Encourage the community to involve themselves in the development, implementation and review of the municipality's performance management system and, in the setting of appropriate key performance targets for the municipality. Provide inputs into the development and implementation of the PMS and the annual performance report. |
| Executive Committee, Executive Mayor and Portfolio Committees | Decide on the PMS process. Nominate persons to `drive` the PMS process, monitor the development, implementation and management process.   |
| Municipal Manager   | Overall management and coordination responsibility to ensure that all relevant role players are involved and that the process is proceeding as planned.   |
| IDP / PMS Manager   | Day to Day management of the IDP and PMS; fulfill the role of the `performance champion`.   |
| IDP / PMS Technical Committee                                 | Develop and implement the PMS. Summarizing and processing inputs from the consultative process.   |
| Facilitators ( internal or contracted)                        | Methodological guidance, facilitation of planning workshops, documentation and  |

|   |   |
|---|---|
|   | special studies.  |
| Municipal Officials (HODs and Senior Officials) | Provide technical and sector expertise and information relating to performance measures and targets. Implement and manage the PMS in their departments. |
| Internal Auditor                                | Audit performance measures  |

## Steps in the Development of the Performance Management System.

### 4.1. KZN Best Practice Guidelines

The best practice guidelines provide that, a systematic process should be followed in developing a performance management system of a municipality. The systematic process suggested by the guidelines comprises of the following steps:

#### Introduction of PMS to the municipality

PMS (as a framework) is a legislative requirement and tool that is aimed at measuring the implementation of the IDP. The PMS is also a tool for managing individual performance in a developmental approach.

#### Gearing up the institutional structure for implementing the PMS in a municipality

Prior to implementing a PMS, an approved organizational structure that is aligned to the IDP be put in place. This structure should indicate roles, responsibilities, powers and functions for the implementation of the IDP.

#### Developing Measures for monitoring the implementation of the IDP

This entails the development of measures and aligning them to the IDP.

The implementation of the IDP should be monitored throughout the financial year. There are types of KPIs that need to be taken into account when developing measures.

The MSA requires municipalities to include, where necessary the following indicators in their scorecards:

- **Input Indicator:** they measure what inputs need to be made towards achieving an objective and they are most relevant to the day-to-day operations of a municipality, e.g. negotiate with current land owners. They are more relevant for SDBIP purposes;
- **Process indicators:** they describe how well municipalities use their resources in producing services, e.g. completed tender procedures for appointment of a service provider;
- **Output indicators:** they refer to “products” produced at the end of an activity, e.g. number of electricity connections made;
- **Outcome indicators:** they measure the extent to which the strategic objectives are being met. They are long-term, not always easy to measure and are reliant on different variables;
- **Impact:** the results of achieving specific outcomes, such as reducing poverty and creating jobs

National Treasury has added the following indicators:

- **Quantity indicators:** They relate to the number of inputs, activities or outputs, they should be time-bound relating to the number of inputs available at a specific point in time, or the number of outputs produced over a period of time;
- **Adequacy indicators:** This is the quantity of input or output relative to the need or demand – Is enough being done to address the problem;
- **Efficiency indicators:** The exploration of how productively inputs are translated into outputs;
- **Effectiveness indicators:** This explores the extent to which outputs of the municipality achieve the desired outcomes. Changes in effectiveness indicators are only likely to take place over a period of years; hence evaluation must take place after every 3 or 5 years.

### **General Key Performance Indicators**

The following key performance indicators will be complied with as prescribed in terms of Section 10 of the Local Government Municipal Planning and Performance Management Regulations, 2001:

- The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal;
- The percentage of households earning less than R1100 per month with access to basic free services;

- The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan;
- The number of jobs created through the municipality's local economic development initiatives including capital projects;
- The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan;
- The percentage of a municipality's budget actually spent on implementing its workplace skills plan; and
- Financial viability as expressed by the ratios in the gazette.

## Performance Model

Section 38 of the Municipal Systems Act requires municipalities to establish performance management systems that are commensurate with their resources, best suited to their circumstances and that are in line with the priorities, objectives, indicators and targets contained in their IDP. This should serve as a premise for the municipality in identifying and choosing appropriate performance model.

Situational analysis was undertaken in KwaZulu Natal on a sample of municipalities and based on the findings a classification matrix that can be used to classify municipalities according to their particular circumstances was developed. The table below best illustrates the matrix classification:

**CLASSIFICATION OF MATRIX**

|                         | <b>Under-resourced</b> | <b>Semi-resourced</b> | <b>Resourced</b> |
|-------------------------|------------------------|-----------------------|------------------|
| <b>Mainly Rural</b>     |                        |                       | N/A              |
| <b>Semi rural/urban</b> |                        |                       |                  |
| <b>Mainly Urban</b>     | N/A                    |                       |                  |

The performance models level of sophistication ranges and the under resourced municipalities should start of with the most basic performance model and then as their resources grow and levels of understanding of performance management grow, they should then move incrementally toward a more sophisticated one. The table below shows classification matrix with suggested performance models:

**CLASSIFICATION MATRIX WITH SUGGESTED PERFORMANCE MODELS**

|  | <b>Under-resourced</b> | <b>Semi-resourced</b> | <b>Resourced</b> |
|--|------------------------|-----------------------|------------------|
|--|------------------------|-----------------------|------------------|

|                  |         |         |         |
|------------------|---------|---------|---------|
| Mainly Rural     | Model 1 | Model 2 | N/A     |
| Semi rural/urban | Model 1 | Model 2 | Model 3 |
| Mainly Urban     | N/A     | Model 2 | Model 3 |

## Arranging Measures in an Appropriate Level

The method of arranging these three models is discussed hereunder:

**Model 1:** is referred to as a spreadsheet and is most suitable for under – resourced and mainly rural or semi rural / urban municipalities. It is straight forward and easy to use. What required is that the knowledge acquired on different types of measures, be used, and compile a set of and arrange them in a spreadsheet.

**Model 2:** is referred to as a municipal scorecard suitable for the semi – resourced and mainly rural, semi – rural / urban or mainly urban. This is a system approach whereby the cause and effect relationship assumes that the municipality's inputs will be used to achieve certain outputs, which in turn would lead to a certain outcomes being met. This model may assist the municipality in relating the organizational performance system and the individual performance system.

**Model 3:** is often referred to as the balanced scorecard and is suitable for the resourced and the urban or semi – urban municipalities. This model measures performance using financial and non financial measures. Financial and non – financial measures are combined in a single report giving managers more relevant information about the activities they are managing. The number of measures in the balanced scorecard is constrained and clustered together into four groups or perspectives explained hereunder:

### The learning and Growth Perspective

This perspective includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement. Metrics can be put into place to guide managers in focusing training funds where they can help the most. In any case, learning and growth constitute the essential foundation for success of any knowledge-worker organization.

### The Business Process Perspective



This perspective refers to internal business processes. Metrics based on this perspective allow the managers to know how well their Municipality is running, and whether its services conform to customer requirements (the mission). Ugu DM mission highlights the following:

Enhanced performance;

Work ethic;

World class standard;

Customer satisfaction;

Total quality management of all resources.

These metrics have to be carefully designed by those who know these processes most intimately.

### **The Customer Perspective**

Recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any business. These are leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good.

In developing metrics for satisfaction, customers should be analyzed in terms of kinds of customers and the kinds of processes for which we are providing a product or service to those customer groups.

### **The Financial Perspective**

Kaplan and Norton do not disregard the traditional need for financial data. Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. In fact, often there is more than enough handling and processing of financial data. With the implementation of a corporate database, it is hoped that more of the processing can be centralized and automated.

## **Measuring and reporting**

Communities and stakeholders have a right to know how municipalities are performing and the emphases shifting from the narrow financial reporting to a more comprehensive reporting on organizational performance.

## Reporting Structure

The reporting process should commence from operational / functional level from where it will flow to the departmental level, to the strategic level, political level and on to the community, the users of the services.

| REPORTING BODY         | REPORTS SUBMITTED TO  |
|------------------------|---|
| Supervisors / managers | report on monthly basis to their respective directors   |
| Directors              | Monthly reports to Head Of Departments  |
| HODs                   | Monthly reports to Departmental Management Committees (MANCOs)  |
| Departmental MANCOs    | Must submit a report which includes recommendations to Municipal Manager and Corporate MANCO, which consist of the municipal manager, heads of departments and the IDP manager. |
| Corporate MANCO        | Consider the departments' reports and forward them on with recommendations to the relevant portfolio committee.<br>Furthermore it will report to EXCO on quarterly basis.       |
| Portfolio Committees   | Report to the EXCO as and when required.  |
| EXCO                   | report to the council as and when required, but at least twice per financial year and then the council needs to submit an annual performance report to the community.           |

## Reporting Procedure on Different Levels

Although there is a two way flow of information, the reporting process starts at the operational/ functional level from where it flows to the departmental level, to the strategic level, political level and on the community, the users of services. More information on these different levels is provided in subsequent paragraphs.

### Political Level

EXCO will review the strategic municipal performance report, which is received once a quarter (end of August, November, February and June) and at the same time consider the recommendations made by the corporate MANCO. This review process affords the opportunity to take corrective action, but also have to re-inform the

project planning, design and implementation process. EXCO members will also have to decide on appropriate procedures for keeping council members informed so that Councilors are in a position to keep their constituents informed of progress through the ward structures.

### **Strategic Level**

On receipt of departmental performance reports, with recommendations, the municipal manager should scrutinize them and then pass them through to the performance management champion for the municipality who is normally the IDP Manger. The IDP manager will plot key information onto the strategic scorecard of the municipality and then pass the departmental report, with recommendations, through to the secretariat of the corporate MANCO for placement on the agenda for the next meeting. As was the case with the departmental MANCOs, this agenda point should be the main focus of the corporate MANCO and members of the committee should vigorously interrogate the monthly departmental performance reports as they represent the core business of the municipality. After doing so they should consider the recommendations made by the departmental MANCOs and endorse or amend them and then pass the report, with recommendations, on to the relevant portfolio committee.

The IDP Manager should compile a consolidated strategic municipal performance report once every quarter. The IDP Manager will be in a position to compile this report progressively on a monthly basis as departmental performance reports are received. On the said dates the consolidated strategic municipal performance report should be submitted to the corporate MANCO for consideration. The corporate MANCO should evaluate it critically. This evaluation should be aimed at determining to what extent the performance targets and KPIs are positively impacting on the development objectives. Recommendations should then be formulated around corrective action in this regard, if necessary. The strategic municipal performance report, together with recommendations, should then be forwarded to EXCO.

### **Operational/ Functional Level**

A functional Level supervisors, managers and team leaders will on continuous bases monitor the work being done by their teams and measure progress towards the finalization of action steps that will contribute towards the achievement of performance targets. Once a month, on an agreed upon date, they will submit a written progress report to their supervisor or director. The director will consolidate all the reports into a single report for the directorate and submit it to be head of department.

### **Departmental Level**

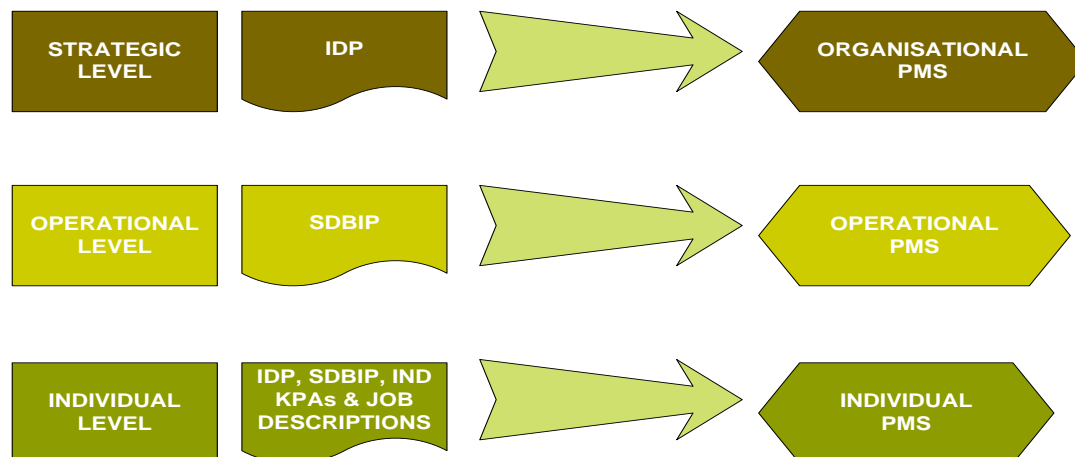
On receipt of directorate performance reports the head of department should, after scrutinizing the report, pass it on to the performance management champion in the department who should consolidate the reports into a single report for the department. The departmental performance report +should then be passed through the secretariat of the departmental MANCO for placement on the agenda of the next meeting. This agenda point should be the main focus of the departmental MANCO and members of the committee should vigorously interrogate this monthly departmental performance report as it represents the core business of the department. In the process members of the departmental MANCO should concentrate on monitoring progress towards achievement of performance targets and KPI's. After doing so they should formulate recommendations aimed at taking corrective action if this is necessary. Departmental performance reports, with recommendations from departmental MANCO's, are then passed through to the municipal manager's office.

## Community Level

In terms of Section 46 of the Municipal Systems Act a municipality must prepare a performance report to the citizen that reflects:

- The municipality's performance during that year in comparison to performance targets in the previous financial year;
- The development and service delivery priorities and performance targets for the following year; and
- Measures that were or are to be taken to improve services.

*NB: The diagram below best articulates how PMS can be applied to the various levels within any organization.*



## Auditing Performance Management

Auditing performance measurements is a key element of the monitoring and evaluation process. Auditing of performance measures is concerned with the extent to which the municipality was able to achieve the reported performance measures and targets that it set for itself and also to assess the extent of its compliance in respect of the development and implementation of the PMS.

### The Role of the Internal Auditor

The internal auditor must:

- Continuously audit the performance measurements of the municipality;
- Report on the extent to which the performance indicators, comprising the social, economic and service delivery indicators are reliable in measuring performance,
- Submit quarterly reports on audits to the municipal manager; and
- Report to the municipal council at least twice a year. The councilors should then provide copies of the report to the community via the ward committees or the IDP consultation structures.
- The functionality of the municipality's performance management system.
- Whether the municipality's performance management system complies with the Act.
- The extent to which the municipality's performance measurements are reliable in measuring the performance of municipalities by making use of indicators.

### The Role of an Audit Committee

The audit committee plays the independent oversight role in any organization's governance arrangements. The primary responsibilities of the audit committee are to review the audited financial statements and make recommendations on their approval, oversee the relationship between external and internal auditors and review internal controls. However this responsibility needs to be expanded to include a range of governance issues that focuses on monitoring how organization reports externally and in a responsible and transparent manner.

Furthermore the role of the Audit Committee should include the following:

- Review the quarterly reports submitted to it by the internal audit unit
- Review the municipality's OPMS and make recommendations in this regard to the Council of the Municipality
- At least twice during a financial year submit an audit report to the Municipal Council

In order to fulfill their function a (performance) audit committee may, according to the MFMA and the Regulations,

- Communicate directly with the Council, Municipal Manager or the internal; and external auditors of the municipality concerned;
- Access any municipal records containing information that is needed to perform its duties or exercise its powers;
- Request any relevant person to attend any of its meetings, and, if necessary, to provide information requested by the committee; and
- Investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.

## **The Role of the External Audit**

The office of the Auditor General will perform the function of auditing the results of performance measurements at the municipality, hereunder are the nine key areas to be audited by the AG:

- a) Development of the Integrated Development Plan (IDP);
- b) Development and implementation of a Performance Management System (PMS);
- c) Development of the Key Performance Indicators (KPIs);
- d) Setting of targets for the KPIs;
- e) Actual service delivery process;
- f) Internal monitoring;
- g) Internal control;
- h) Performance measurements and reporting; and
- i) Revision of strategies and objectives.

## **Reporting on the Results of the External Audit**

Reporting is the final phase of the external audit process and consists of three main aspects as listed below:

- a) Issuing of informal audit queries to the management ;
- b) Issuing of a management letter to the municipality;
- c) Report on the auditing of performance measurements of the local authority to the council and the Department of Local Government and Traditional Affairs.  
This is not necessarily a separate report and it could be included as part of the AG's report; and
- d) If needed, a report to the provincial legislature.

### **Council and community oversight**

Oversight refers to the role of legislatures and citizens in monitoring and reviewing the actions of executive organs of government for efficiency, probity and accountability. The general purpose of oversight is to ensure that government policies are properly and efficiently implemented, that government departments run smoothly and in line with their democratic mandate and that the law is upheld. Oversight is exercised in the interests of society in general and should ensure that the considerable powers that government executives and administrations assume are monitored to avoid abuse and under-performance.

In the municipal context oversight has two facets namely internal and external.

The internal dimension refers to the oversight of Council over the performance of the Executive Committee and the Municipal Administration.

The external dimension refers to the community and other spheres of government's oversight over the performance of a municipality as a whole.

## **Performance Management Review Cycle**

The Municipal Manager and the Section 57 Managers will implement the IDP / Budget / SDBIP through their teams. They will demonstrate the progress towards the set goals, through the following reports which must be supported by evidence:

### **Monthly Reporting – S71 of MFMA**

Section 71 of the Act states that the financial officer of the municipality must no later than 10 working days of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in a prescribed format on the state of the municipality's budget.

## Quarterly Reporting

The performance of each employee in relation to his performance agreement shall be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

|                       |   |           |           |
|-----------------------|---|-----------|-----------|
| <b>First quarter</b>  | : | July –    | September |
| <b>Second quarter</b> | : | October – | December  |
| <b>Third quarter</b>  | : | January – | March     |
| <b>Fourth quarter</b> | : | April –   | June      |

Furthermore the review of the PMS and SDBIP reviews will also take place during these quarters.

## Mid – Year Reporting – S72 of MFMA

Section 72 of the Act states that the accounting officer of the municipality must by 25 January of each year:

- a) *Assess the performance of the municipality during the first half of the financial year:*
- b) *Submit a report on such assessment to –*
  - i. *The Mayor of the municipality;*
  - ii. *The National treasury; and*
  - iii. *Relevant provincial treasury.*

## Annual Reports – S46 & 47 of MSA

Section 46 of the Act states that a municipality must prepare for each financial year an annual report consisting of -

- (a) *A performance report reflecting –*
  - (i) *the municipality's, and any service provider's performance during that 5 financial year, also in comparison with targets of and with performance in the previous year,*
  - (ii) *the development and service delivery priorities and the performance targets set by the municipality for the following financial year, and*
  - (iii) *measures that were or are to be taken to improve performance;*



- (b) the financial statements for that financial year prepared in accordance with the standards of generally recognized accounting practice in accordance referred to in section 89 of the Public Finance Management Act, 1999 (Act No. 1 of 1999);*
- (c) an audit report on the financial statements and the report on the audit performed in terms of section 45 (b); and*
- (d) any other reporting requirements in terms of other applicable legislation.*
- (1) A municipality must table its annual report within one month of receiving the audit report referred to in subsection (1) (c)*
- (2) (a) The Municipal manager must –*
  - (i) By prior notice in the media, inform the local community of the meeting or 20 meetings of the council at which the municipality's annual report is tabled or discussed, which meetings must be open to the public;*
  - (ii) Give written notice of such meetings to the Auditor-General and the MEC for local government in the province;*
  - (iii) Submit copies of the minutes of those meetings to the Auditor-General and the MEC for local government in the province;*
- (b) Representative of the Auditor-General and the MEC for local government in the province are entitled to attend and to speak at such meetings , and the municipal manager must be available to respond to questions related to the annual report.*
- (4) The municipality must adopt its annual report, and within 14 days-*
  - (a) make copies of the report accessible to the public interested organizations and the media, free of charge or at reasonable price; and*
  - (b) submit a copy of the report to –*
    - (i) the MEC for local government in the province;*
    - (ii) the Auditor-General; and*

*such other institutions as may be prescribed by regulation,*

Section 47 of the Act further states that –

- (1) The MEC for local government must annually compile and submit to the provincial legislatures and the Minister a consolidated report on the performance of the municipalities in the province*
- (2) The report must –*
  - (a) Identify municipalities that under-performed during the year;*
  - (b) Propose remedial actions to be taken*
  - (c) Be published in the Provincial Gazette*
- (3) The MEC for local government must submit a copy of the report to the National Council of Provinces*

## **Performance Agreements and SDBIP**

The municipal manager should start the process of preparing the top layer of the SDBIP no later than the tabling of the budget (around 1 March or earlier) and preferably submit the draft SDBIP to the mayor by 1 May for initial approval. Once the budget is approved by council, the municipal manager should merely revise the approved draft SDBIP, and submit it for final approval of the mayor within 14 days of the approval of the budget. Draft performance agreements should also be submitted with the draft SDBIP by 1 May, and then submitted for approval with the revised SDBIP within 14 days after approval of the budget. The mayor should therefore approve the final SDBIP and performance agreements simultaneously, and then make them public within 14 days, preferably before 1 July.

## **The Link between Organizational and Individual Performance**

### **The Reason for Linking Organizational and individual Performance**

The staff forms an integral part of the municipality and therefore the performance of the municipality is integrally linked to that of the staff. It is thus important to link organizational performance to individual performance and to manage both at the same time, but separately.

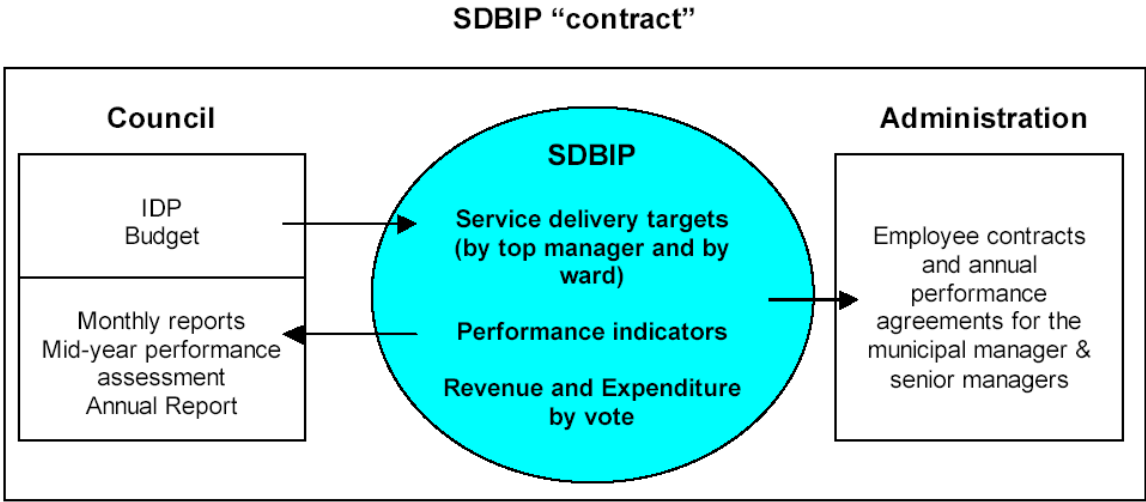
As it has already been discussed in section 6 (Reporting Structures), each level in the municipal hierarchy takes responsibility for delivering on a certain aspect of the agreed upon set of measures (indicators), therefore as much as the legislation only requires the municipal manager and those that are directly accountable to him or her, to sign formal performance contracts, it is also a requirement that all employees have job descriptions. These job descriptions must therefore be aligned with the individual performance plan of the head of department. This guarantees that all employees are working towards a common goal. The responsibility then lies with the employer to create an environment in which the employees can deliver on the objectives and targets set for them in their performance contracts and job descriptions.

### **The link between IDP, PMS, Budget and SDBIP**

The Municipal Finance Management Act (MFMA) requires the municipalities to prepare a Service Delivery and Budget Implementation Plan (SDBIP). The SDBIP gives effect to IDP and budget of the municipality and will only be possible if the IDP and the budget are fully aligned with each other as required by the MFMA. The SDBIP can therefore be seen as the "*contract*" between the administration, council and the community expressing goals and objectives set by the council as

quantifiable outcomes that can be implemented by the administration over the next twelve months. This then provides basis for measuring performance in service delivery against end – of – the year targets and implementing the budget. The diagram below best illustrates this:

The SDBIP is a management, implementation and monitoring tool that provides a vital link between the mayor, council (executive) and the administration, and facilitates the process of holding the management accountable for its performance. If properly formulated, the SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council.



The SDBIP can therefore be summed up as being the operational plan for the municipality in the sense that it translates IDP and PMS into daily business activities. It is clear from the above how vital it is to link the IDP, budget, SDBIP and PMS as they compliment each other.

### Empowering Staff to Deliver

Every effort must be made to enable an individual employee to deliver on the objectives and targets that have been set for them. This should be done by ensuring that the individual's skills and competencies match the requirements of the job. The gaps or deficiencies needs to be addressed through the skills development plan for the individual concerned.

In order to achieve this, it is suggested that the Human Resource Plan provide that the employment contract for each employee include the following:

- **Job Profile:** this consists of the job description that sets out the requirements of the post and a profile of the incumbent, which describes the skills, and competencies that an individual would require in order to succeed in the position.
- **Individual Performance Plan:** this consists of the details of the deliverables with key performance indicators, performance targets and target dates.
- **Individual Skills Development and Performance Improvement Plan:** this plan sets out the training needs of the individual and a programme for addressing these needs.

This will ensure that the municipality adopts a developmental approach aimed at empowering the incumbent of a post to successfully deliver. By following this approach the individual's competencies will be compared with the job requirements and the gaps will be addressed by means of the individual Skills Development Improvement Plan. In this way the Performance Management System becomes a Performance Management and Development System.

## Addressing Negative Perceptions

It is already clear from the above that the main reason for introducing a performance management system is to speed up services delivery through capacitating staff to work more efficiently. The staff should therefore welcome the initiative as it is an opportunity to improve their skills so that they can achieve higher levels of performance. However negative perceptions may still, prevail such the ones listed below:

- Performance management at individual level is a punitive measure aimed at getting rid of individuals;
- Performance management is a way getting employees to work harder for no extra reward;
- It is just a way of justifying a pay increase for the bosses.

The most effective measure of countering these negative perceptions is through continuous communication with all staff members.

## DEALING WITH POOR PERFORMANCE

In the event of an employee failing to meet his/her performance objectives, the following guidelines should be followed:-

## **Poor Performance and Incapacity Process**

- The onus lies with the Manager/Supervisor to ensure that the employee knows what is required;
- Objectives/targets – key performance areas and deadlines should be agreed with the employee;
- The employee should be given appropriate training, coaching and instructions in order to be able to meet the objectives/targets;
- The employee has to have the means to perform the required objectives.
- The employee must be given a reasonable time to achieve the required objectives.
- The employee must be given regular feedback on his/her performance.

## **Formal Counseling**

- The employee's direct Manager/Supervisor is responsible for conducting any formal counseling sessions on poor performance;
- The Counseling session is an opportunity to formally plan and agree on corrective action;
- Identify why the employee is failing to meet the required performance standards/objectives;
- Agree on a plan to assist the employee in achieving the required standards/objectives and give the employee a fair opportunity to improve his/her performance;
- Make the employee aware of the potential consequences of not complying with performance requirements;
- Ensure that these meetings are documented so that procedural fairness can be proved in the event of any future disciplinary being taken.

## **Corrective formal Disciplinary Process**

- Should the employee after a reasonable period of time for improvement, continue to perform unsatisfactorily, notwithstanding appropriate evaluation, instruction, guidance and/or counseling, formal disciplinary steps may be implemented;
- A formal disciplinary hearing should be held, and corrective action through series of graduated disciplinary measures should be considered, e.g. formal counseling, written warning, written final warning, and finally dismissal as a last resort.

**Supervisors must meet regularly with employees to:**

- discuss the employee's performance objectives;
- monitor their performance;
- conduct formal assessment and
- Agree on areas of improvements and what will be required to enhance that improvement. These included systematic, remedial and development support.
- The feedback must be formal and in writing

**Disputes:**

- Employees must record their disagreement on the performance assessment.
- Such dispute must be resolved without delay through formal structures.

**Situations of poor performance, after everything possible has been done, the following may be considered:**

- Mentoring of the employee;
- Placing the employee in a more appropriate job; and
- Possible dismissal of the employee.

## Conclusion

From the foregoing it is clear that performance management consists of organizational and individual performance management. Although they are closely linked they should preferably be managed as two separate systems. As is demonstrated above, individual performance management can only be meaningful if it cascades out of the organizational PMS.

## 9.2. PMS Framework Scorecards

### INDIVIDUAL PERFORMANCE PLAN

Position Purpose for: Municipal Manager

| Overall control of the Municipal Administration |          |   |        |              |                            |                                      |       |                      |       |
|---|----------|---|--------|--------------|----------------------------|--------------------------------------|-------|----------------------|-------|
| SCORECARD                                       |          |   |        |              |                            |                                      |       |                      |       |
| 1. Customers                                    |          |   |        |              |                            |                                      |       |                      |       |
| KPA 1. Basic Service Delivery Weight = 20 %     |          |   |        |              |                            |                                      |       |                      |       |
| Key Objectives                                  | Weight % | Key Performance Indicator (KPI)                                 | Target | Target Date  | Means of Verification(MOV) | Performance Status on Date of Review |       | Reason for Deviation | Score |
|   |          |   |        |              |                            | QTR 2                                | QTR 4 |                      |       |
| 1. Meet service needs and address backlogs      | 7        | % overall reduction in community service backlogs               | 5 %    | 30 June 2010 | Quarterly reports          |                                      |       |                      |       |
|   | 4        | No of household with access to free basic water and electricity | 9244   | 30 June 2010 | District records           |                                      |       |                      |       |
|   | 4        | No of households earning less than                              | 14 467 | 30 June 2010 | Indigent records           |                                      |       |                      |       |

|  |      |  |                 |              |  |  |  |  |  |
|--|------|--|-----------------|--------------|--|--|--|--|--|
|  |      | R1100 pm with access to free basic services (water/electricity)  |                 |              |  |  |  |  |  |
|  | 2.5  | policy for the management of community facilities developed  | To be developed | 30 June 2010 | Policy / records   |  |  |  |  |
|  | 2.5  | Infrastructure investment plan development   | To be developed | 30 June 2010 | Reviewed plan  |  |  |  |  |
| <b>KPA 2. Good Governance and Public Participation Weight = 20 %</b> |      |  |                 |              |  |  |  |  |  |
| 2. Promotion of good governance and accessibility                    |      | <p>A yearly quality of life (QLS) survey to determine % citizen satisfaction with regard to:</p> <ul style="list-style-type: none"> <li>- Participatory Decision making</li> <li>- Customer care</li> <li>- Communication</li> </ul> |                 |              |  |  |  |  |  |
|  | 3.33 |  | 100 %           | 30 June 2010 | <p>Minutes and newspapers</p> <p>QLS survey and website</p> <p>Minutes / memo to</p> |  |  |  |  |



|  |      |                                    |       |              |                       |  |  |  |  |
|--|------|------------------------------------|-------|--------------|-----------------------|--|--|--|--|
|  |      | And information                    |       |              | speaker               |  |  |  |  |
|  | 3.33 | Governance Committees formed       | 5     | 30 June 2010 | Minutes / resolutions |  |  |  |  |
|  | 3.33 | IDP reviewed                       | 100 % | 30 June 2010 | IDP Document          |  |  |  |  |
|  | 3.33 | PMS reviewed                       | 100 % | 30 June 2010 | PMS Document          |  |  |  |  |
| 3. Community Safety                                    | 3.33 | Health Sector plan developed       | 100 % | 30 June 2010 | Plan                  |  |  |  |  |
|  | 3.33 | Disaster management plan developed | 100 % | 30 June      | Plan                  |  |  |  |  |
| <b>2.Economic Empowerment</b>                          |      |                                    |       |              |                       |  |  |  |  |
| <b>KPA 3. Local Economic Development Weight = 20 %</b> |      |                                    |       |              |                       |  |  |  |  |
| 4. Support and grow new and existing businesses        | 10   | Total number of jobs created       | 200   | 30 June 2010 | Records of employment |  |  |  |  |
|  | 2.5  | Total no. of jobs sustained        | 20    | 30 June 2010 | SCM records           |  |  |  |  |
|  | 4    | % increase in gross value added    | 2 %   | 30 June 2010 | SCM records           |  |  |  |  |
|  | 1    | Agriculture Sector                 | 100 % | 30 June 2010 | Plan                  |  |  |  |  |

|   |     |   |                  |              |                             |  |  |  |  |
|---|-----|---|------------------|--------------|-----------------------------|--|--|--|--|
|   |     | plan development                              |                  |              |                             |  |  |  |  |
|   | 2.5 | Tourism Plan Development                      | 100 %            | 30 June 2010 | Plan                        |  |  |  |  |
| <b>3.Productivity Value for Money</b>                                   |     |   |                  |              |                             |  |  |  |  |
| <b>KPA 4 Municipal Financial Viability and Management Weight = 20 %</b> |     |   |                  |              |                             |  |  |  |  |
| 5. Budget strategically and sustainably                                 | 2   | % Spend on Capital budget                     | More than 90 %   | 30 June 2010 | Report and budget limits    |  |  |  |  |
|   | 1   | % Operational cost reduction yearly           | 5 %              | 30 June 2010 | Financial records           |  |  |  |  |
|   | 2   | % Growth in total income                      | 6 %              | 30 June 2010 | Annual financial statements |  |  |  |  |
|   | 5   | Salaries and wages as a % of operating budget | Less than 35 %   | 30 June 2010 | Financial records           |  |  |  |  |
|   | 2   | Valuation roll in compliance with MPRA        | 100 % compliance | 30 June 2010 | Records                     |  |  |  |  |
|   | 2   | Cost coverage ratio (no. of times)            | 12 times         | 30 June 2010 | Budget reports and AFS      |  |  |  |  |
|   | 3   | Debt coverage ratio (no. of times)            | 12 times         | 30 June 2010 | Budget reports and AFS      |  |  |  |  |
|   | 3   | Attendance of queries from AG                 | 100 %            | 30 June 2010 | AG's report                 |  |  |  |  |
| <b>4.Employee Satisfaction</b>  |     |   |                  |              |                             |  |  |  |  |

| KPA 5 Municipal Institutional Development and Transformation Weight = 20 % |     |  |  |              |                           |  |  |  |  |
|--|-----|--|--|--------------|---------------------------|--|--|--|--|
| Healthy and productive employees   | 5   | Drive the development and implementation of organisational culture strategy for the Municipality | Approved Plan                                      | 30 June 2010 | Strategy document         |  |  |  |  |
|  | 2.5 | Drive the development and implementation of organisational structure and institutional plan      | Approved organogram                                | 30 June 2010 | Orgarnogram               |  |  |  |  |
|  | 2.5 | Drive the development and implementation of Safety, Wellness, HIV and AIDS strategies            | Draft Plan   | 30 June 2010 | Draft strategy document   |  |  |  |  |
|  | 5   | WSP development and implemented  | 100 %  | 30 June 2010 | Records of WSP HR records |  |  |  |  |
|  | 5   | No. of people from employment equity target groups employed in 3 highest levels of               | Top positions filled by targeted groups<br>6 women | 30 June 2010 | EE Stats                  |  |  |  |  |

|                             |  |   |          |  |  |  |  |  |  |
|-----------------------------|--|---|----------|--|--|--|--|--|--|
|                             |  | management in terms of approved EE plan | 1 Indian |  |  |  |  |  |  |
| <b>TOTAL WEIGHT = 100 %</b> |  |   |          |  |  |  |  |  |  |

### INDIVIDUAL PERFORMANCE PLAN

Position Purpose For: **Technical Services Manager**

| Position Purpose For: Technical Services Manager Plan, organise, lead and control the technical services component of the Municipality |          |  |               |              |                            |                                      |       |                      |       |
|--|----------|--|---------------|--------------|----------------------------|--------------------------------------|-------|----------------------|-------|
| <b>SCORECARD</b>   |          |  |               |              |                            |                                      |       |                      |       |
| <b>1. Customers</b>  |          |  |               |              |                            |                                      |       |                      |       |
| <b>KPA 1. Basic Service Delivery Weight = 40 %</b>   |          |  |               |              |                            |                                      |       |                      |       |
| Key Objectives   | Weight % | Key Performance Indicator (KPI)                      | Target        | Target Date  | Means of Verification(MOV) | Performance Status on Date of Review |       | Reason for deviation | Score |
|  |          |  |               |              |                            | QTR 2                                | QTR 4 |                      |       |
| 1. Meet service and address backlogs   |          | % reduction of backlogs of access to community needs |               |              |                            |                                      |       |                      |       |
|  | 3        | Electricity backlogs                                 | 6 % reduction | 30 June 2010 | Quarterly reports          |                                      |       |                      |       |
|  | 3        | Water backlogs                                       | 6 % reduction | 30 June 2010 | Quarterly reports          |                                      |       |                      |       |
|  | 4        | Sanitation backlogs                                  | 6 % reduction | 30 June 2010 | Quarterly reports          |                                      |       |                      |       |
|  | 10       | Housing backlogs                                     | 6 % reduction | 30 June 2010 | Quarterly reports          |                                      |       |                      |       |
|  | 10       | No. of roads   | 600 KMS       | 30 June 2010 | Departmental               |                                      |       |                      |       |

|  |    |  |                 |              |                    |  |  |  |  |
|--|----|--|-----------------|--------------|--------------------|--|--|--|--|
|  |    | maintained   |                 |              | records            |  |  |  |  |
|  | 10 | No. of Projects of Community facilities approved and implemented   | 3               | 30 June 2010 | Projects Records   |  |  |  |  |
| <b>KPA 2. Local Economic Development Weight = 20 %</b>                 |    |  |                 |              |                    |  |  |  |  |
| 2. Support and grow new existing business                              | 20 | No. of Jobs created through the use of local contractors.  | 90              | 30 June 2010 | SCM records        |  |  |  |  |
| <b>KPA 3. Good Governance and Public Participation Weight = 10 %</b>   |    |  |                 |              |                    |  |  |  |  |
| 3. Ensure accessibility to promote good governance                     | 10 | Projects plans and target dates for all projects in place and available for all technical projects in the IDP. | 3 Projects      | 30 June 2010 | Projects Schedules |  |  |  |  |
| <b>KPA 4. Municipal Financial Viability and Management Weight 10 %</b> |    |  |                 |              |                    |  |  |  |  |
| 4. Budget Strategy and   | 5  | Timeous preparation and submission of  | 100% compliance | 30 June 2010 | Financial records  |  |  |  |  |

|  |      |   |  |              |   |  |  |  |  |
|--|------|---|--|--------------|---|--|--|--|--|
| Sustainability   |      | budget within the required deadlines and formats in alignment with IDP.                                 |  |              |   |  |  |  |  |
|  | 5    | Monthly submission of expenditure certificate to ensure that non budgeted for expenditure is prevented. | 12 certificates per anum - 3 per quarter | 30 June 2010 | Schedule of financial certificates in financial records |  |  |  |  |
| <b>KPA 5. Municipal Institutional Development and Transformation Weight = 20 %</b> |      |   |  |              |   |  |  |  |  |
| 5. Healthy and Productive employees  | 6.67 | Occ. Health and Safety legislation in place and adhered to.   | 100% compliance                          | 30 June 2010 | Records   |  |  |  |  |
|  | 6.67 | EEA compliance i.t.o. employment of targeted groups   | 100% compliance                          | 30 June 2010 | EE records & stats                                      |  |  |  |  |
|  | 6.67 | No. of employees trained in dept as per current WSP.  | 4 employees                              | 30 June 2010 | Reports from HR   |  |  |  |  |
| <b>TOTAL WEIGHT = 100 %</b>  |      |   |  |              |   |  |  |  |  |

### INDIVIDUAL PERFORMANCE PLAN

Position Purpose for: **Corporate Services Manager**

| Plan, organise, lead and control the Corporate Services Component of the Municipality |          |   |                            |              |                            |                                      |       |                      |       |
|---|----------|---|----------------------------|--------------|----------------------------|--------------------------------------|-------|----------------------|-------|
| <b>SCORECARD</b>  |          |   |                            |              |                            |                                      |       |                      |       |
| <b>2. Customers</b>   |          |   |                            |              |                            |                                      |       |                      |       |
| <b>KPA 1. Basic Service Delivery Weight = 30 %</b>                                    |          |   |                            |              |                            |                                      |       |                      |       |
| Key Objectives  | Weight % | Key Performance Indicator (KPI)                 | Target                     | Target Date  | Means of Verification(MOV) | Performance Status on Date of Review |       | Reason for Deviation | Score |
|   |          |   |                            |              |                            | QTR 2                                | QTR 4 |                      |       |
| 6. Provision of safe, healthy and secure environment                                  | 10       | A security strategy for municipality formulated | 100 % reviewed by May 2010 | 30 June 2010 | Strat plan doc.            |                                      |       |                      |       |
|   | 10       | Health Sector Plan Implemented and monitored    | 100%                       | June 2010    | Health Sector Plan         |                                      |       |                      |       |
|   | 5        | No. of Health awareness Campaigns               | 2                          | June 2010    | Records of Campaigns.      |                                      |       |                      |       |
| <b>KPA 2. Local Economic Development Weight = 0</b>                                   |          |   |                            |              |                            |                                      |       |                      |       |
| 7. Support and grow new existing businesses   |          |   | -                          |              |                            |                                      |       |                      |       |
| <b>KPA 3. Good Governance and Public Participation Weight = 40 %</b>                  |          |   |                            |              |                            |                                      |       |                      |       |
| 8. Ensure accessibility and promote   | 5        | No. of Ward Committees formed                   | 10                         | 30 June 2010 | Reports/ minutes           |                                      |       |                      |       |

|  |   |   |                          |              |                               |  |  |  |  |
|--|---|---|--------------------------|--------------|-------------------------------|--|--|--|--|
| governance   |   |   |                          |              |                               |  |  |  |  |
| 4 Create an efficient, effective and accountable administration          | 5 | No. of meetings with political structures to disseminate information    | 6 Exco meeting           | 30 June 2010 | Minutes                       |  |  |  |  |
|  | 5 | Municipality road shows to improve communication                        | 4                        | 30 June 2010 | Records of Izimbili           |  |  |  |  |
|  | 5 | GIS developed / updated   | 100 %                    | 30 June 2010 | Records                       |  |  |  |  |
|  | 5 | Notice boards put to all nodal points                                   | 2                        | 30 June 2010 | Records                       |  |  |  |  |
|  | 5 | No. of Agendas distributed in time. Not later than 48hrs before meeting | 100 %                    | 30 June 2010 | Reports & Agendas and Minutes |  |  |  |  |
|  | 5 | Administration Plan Developed   | 100 %                    | 30 June 2010 | Copy of Plan                  |  |  |  |  |
|  | 5 | Policies & controls in place for the control of auxiliary service       | Review existing policies | 30 June 2010 | Policy Documents              |  |  |  |  |
| <b>3. Productivity Value for Money</b>                                   |   |   |                          |              |                               |  |  |  |  |
| <b>KPA 4. Municipal financial Viability and Management Weight = 10 %</b> |   |   |                          |              |                               |  |  |  |  |



|  |      |   |                   |              |   |  |  |  |  |
|--|------|---|-------------------|--------------|---|--|--|--|--|
| 5. Budget Strategy and Sustainably   | 3.33 | Timeous preparation and submission of budget within the required deadline and formats in the alignment with the Municipal IDP | 100% compliance   | 30 June 2010 | Quarterly reports   |  |  |  |  |
|  | 3.33 | Achieve operational cost reduction by putting admin controls in place to control resource and assets usage                    | 100%              | 30 June 2010 | Reports   |  |  |  |  |
|  | 3.33 | Monthly submission of expenditure certificate to enable that non budgeted for expenditure is prevented                        | 100 % compliance  | 30 June      | Schedule of monthly expenditure certificate and financial records |  |  |  |  |
| <b>4. Employee Satisfaction</b>  |      |   |                   |              |   |  |  |  |  |
| <b>KPA 5. Municipal Institutional Development and Transformation Weight = 20 %</b> |      |   |                   |              |   |  |  |  |  |
| Healthy & productive employees   |      | No. of programs to reduce HIV/AIDS in the workplace   | 1                 | 30 June 2010 | Reports   |  |  |  |  |
|  |      | HR Policies in place and reviewed   | Reviewed policies | 30 June 2010 | Schedule of Policies  |  |  |  |  |

|                             |  |   |                  |              |                                 |  |  |  |  |
|-----------------------------|--|---|------------------|--------------|---------------------------------|--|--|--|--|
|                             |  | Organisational structure and Institutional Plan Developed | 100 %            | 30 June 2010 | Approved organisation structure |  |  |  |  |
|                             |  | Number of Teambuilding activities to improve productivity | 1                | 30 June 2010 | Records                         |  |  |  |  |
|                             |  | Equity plan in place                                      | 100 %            | 30 June 2010 | EE Plan & EE Stats              |  |  |  |  |
|                             |  | WSP in place and implemented                              | 10 to be trained | 30 June 2010 | Records from Skills Development |  |  |  |  |
| <b>TOTAL WEIGHT = 100 %</b> |  |   |                  |              |                                 |  |  |  |  |

### INDIVIDUAL PERFORMANCE PLAN

Position Purpose for: **CFO**

| Plan, organise, lead and control the Corporate Services Component of the Municipality |          |                                 |        |             |                            |                                      |       |                      |       |
|---|----------|---------------------------------|--------|-------------|----------------------------|--------------------------------------|-------|----------------------|-------|
| <b>SCORECARD</b>  |          |                                 |        |             |                            |                                      |       |                      |       |
| <b>5. Customers</b>   |          |                                 |        |             |                            |                                      |       |                      |       |
| <b>KPA 1. Basic Service Delivery Weight = 10 %</b>                                    |          |                                 |        |             |                            |                                      |       |                      |       |
| Key Objectives  | Weight % | Key Performance Indicator (KPI) | Target | Target Date | Means of Verification(MOV) | Performance Status on Date of Review |       | Reason for Deviation | Score |
|   |          |                                 |        |             |                            | QTR 2                                | QTR 4 |                      |       |

|   |    |   |  |              |                     |  |  |  |  |
|---|----|---|--|--------------|---------------------|--|--|--|--|
| 13. Ensure availability of financial support for basic service delivery initiatives | 10 | Financial Advice & support on basic delivery initiatives            | Quarterly comments on spending trends of various depts. to curb over expenditure on capital projects | 30 June 2010 | Quarterly reports   |  |  |  |  |
| <b>KPA 2. Local Economic Development Weight = 10 %</b>                              |    |   |  |              |                     |  |  |  |  |
| 14. Support & grow new existing business  | 10 | SCM policies in place and reviewed                                  | 100% compliance  | 30 June 2010 | Records of policies |  |  |  |  |
| <b>KPA 3. Municipal Financial Viability and Management Weight = 40 %</b>            |    |   |  |              |                     |  |  |  |  |
| 15. Manage Municipality Financial affairs   | 5  | Municipality's medium term Income and Expenditure framework updated | 100 %  | 30 June 2010 | Financial records   |  |  |  |  |
| Budgeting strategically and sustainability  | 5  | IDP priorities budgeted for   | 100 %  | 30 June 2010 | Financial records   |  |  |  |  |
|   | 2  | of budget for WSP programs  | 100 %  | 30 June 2010 | Financial records   |  |  |  |  |
|   | 5  | Valuation roll in line with MPRA                                    | 100 %  | 30 June 2010 | Financial records   |  |  |  |  |
|   | 3  | Property rates  | 100 %  | 30 June 2010 | Financial records   |  |  |  |  |

|  |   |   |                |              |                   |  |  |  |  |
|--|---|---|----------------|--------------|-------------------|--|--|--|--|
|  |   | assessments done                              |                |              |                   |  |  |  |  |
|  | 5 | Tariff Policy developed                       | 100 %          | 30 June 2010 | Financial records |  |  |  |  |
| Value for Money  | 5 | Salaries & Wages as a % of operating budget   | Less than 35 % | 30 June 2010 | Financial records |  |  |  |  |
| Grow and diversify Income  | 5 | % growth in total income                      | 6 %            | 30 June 2010 | Financial records |  |  |  |  |
| Viability  | 3 | Cost coverage ratio                           | 12 times       | 30 June 2010 | Financial records |  |  |  |  |
|  |   | Debt coverage ratio                           | 12 times       | 30 June 2010 | Financial records |  |  |  |  |
| <b>KPA 4. Good Governance and public Participation Weight = 30 %</b> |   |   |                |              |                   |  |  |  |  |
| 4. Create an efficient, effective and accountable administration     | 5 | No. of internal Audits of services undertaken | 1 p.a.         | 30 June 2010 | Audit records     |  |  |  |  |
|  | 5 | Revenue plan and billing system developed     | 100 %          | 30 June 2010 | Financial records |  |  |  |  |
|  | 5 | Financial Statements prepared timeously       | 100 %          | 30 Aug 2010  | Financial records |  |  |  |  |
|  | 3 | Financial plan development                    | 100 %          | 30 June 2010 | Approved plan     |  |  |  |  |
|  | 2 | Asset Management Plan developed               | 100 %          | 30 June 2010 | Approved plan     |  |  |  |  |

|  |    |   |                    |              |               |  |  |  |  |
|--|----|---|--------------------|--------------|---------------|--|--|--|--|
|  | 5  | Investment Management Policy Developed  | 100 %              | 30 June 2010 | Approved plan |  |  |  |  |
|  | 5  | Unqualified report from Auditor General | 60 % unqualified   | 30 June 2010 | AG's report   |  |  |  |  |
| <b>KPA 5. Municipal Institutional Development and Transformation Weight = 10 %</b> |    |   |                    |              |               |  |  |  |  |
|  | 10 | EE targets met in dept.                 | 5 Women<br>2 Males | 30 June 2010 | EE Stats      |  |  |  |  |
| <b>TOTAL WEIGHT = 100 %</b>  |    |   |                    |              |               |  |  |  |  |